Austria	Sch 15	Indonesia	Rp 1600	Philippines	Pes 20
Bahrain	Din 0.650	Italy	L 1100	Portugal	Esc 65
Belgium	BFr 35	Japan	Y550	S. Arabia	Rls 6.00
Canada	C$2.50	Jordan	Fils 500	Singapore	S$4.10
Denmark	Dkr 7.00	Kuwait	Fils 500	Spain	Pta 95
Egypt	E£1.00	Lebanon	£L 6.00	Sweden	Skr 6.50
Finland	Fmk 5.00	Luxembourg	LFr 35	Switzerland	SwFr 2
France	FFr 5.00	Malaysia	Rm 4.25	Tunisia	Din 0.600
Germany	DM 2.00	Morocco	Dh 6.00	Turkey	L 130
Greece	Dr 55	Netherlands	Fl 2.25	U.A.E.	Dh 6.50
India	Rup. 15	Norway	Nkr 6.00	U.S.A.	$1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 28,984 Thursday January 27 1983 D 8523 B

INTERNATIONAL MARKETS: Section III

NEWS SUMMARY

GENERAL

EEC puts limit on U.S. farm talks

The European Commission is to limit the scope of farm trade talks with Washington following the U.S. decision to sell subsidised flour to Egypt, Community sources said.

European negotiators would refuse to discuss competition on the world flour market in talks next month.

Pay for Walesa

Lech Walesa, leader of Poland's banned Solidarity union, was put back on the Lenin shipyard payroll in Gdansk but given no date to resume work.

Tanaka jail call

Prosecutors in the Lockheed bribery case called for the maximum five year's jail for former Japanese Premier Kakusi Tanaka. Page 6

Quebec walk-out

University teachers walked out in the first phase of a strike by Quebec government workers that threatens to paralyse the province by next week.

Soviet 'spies'

Commodore Dieter Gerhardt and Ruth Gerhardt were detained in South Africa for alleged spying for the Soviet Union.

Paris poverty

French government announced measures to combat growing poverty in Paris and other cities.

Iran executions

Twenty-two left-wing guerrillas were shot by firing squad in Iran for armed rebellion against the clerical leadership.

Nuclear plea

Romanian President Nicolae Ceausescu asked Nato to halt the planned deployment of medium-range nuclear missiles in Europe, and the Warsaw Pact to withdraw and destroy existing Soviet ones.

Hungary clampdown

Hungary's dissident publishing and distribution activities ended when 100 police sealed off a Budapest street and closed the print centre.

Madrid jailings

Madrid court jailed three men and three women for collaborating with Basque separatists.

India bomb blasts

Four bombs exploded and three shops were set alight in Amritsar, in the North Indian state of Punjab, where militant sikhs are seeking greater autonomy.

'No' to Gib talks

Spanish Foreign Minister Fernando Moran ruled out further talks on the future of the British colony of Gibraltar unless sovereignty was on the agenda.

Euro-space plan

The European Space Agency will study the possibility of developing a manned space transport system, under a preliminary $11m programme. Page 3

Briefly . . .

Venezuela and Spain concluded an agreement to step up scientific co-operation.

Novelist V.S. Naipaul won the 1983 Jerusalem prize for literature.

Italian shopowners began a two-day strike in protest against Naples Mafia rackets. Page 3

French customs depot at Poitiers was raided and 101 video recorders stolen.

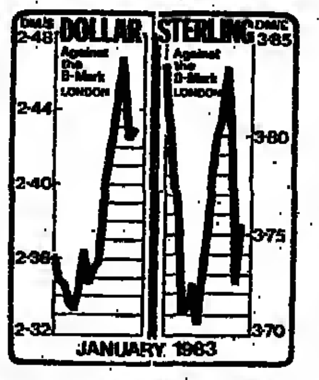
BUSINESS

Fanfani forces ENI chief to resign

● ITALIAN premier Sig Amintore Fanfani demanded the resignation of Sig Umberto Columbo, chairman of ENI, state-owned energy company, after only three months in office. Page 18

● STERLING gained 90 points to $1.546. It also increased to DM 3.755 (DM 3.725), FFr 10.63 (FFr 10.55), SwFr 3.0775 (SwFr 3.06) and Y364.25 (Y362.75). Its Bank of England trade-weighted index was 81.2 (81.0) Page 34

● DOLLAR rose to DM 2.428 (DM 2.4215) and FFr 6.8775 (FFr 6.8625). It held at SwFr 1.99 and declined to Y235.5 (Y236). Its trade-weighting was 119.6 (119.8). Page 34



● GOLD fell $2.5 in London to $486.5, by $2.5 in Frankfurt to $486.25, and by $2 in Zurich to $487.5. Page 29

● LONDON: FT Industrial Ordinary index gained 0.2 at 614.4. Government Securities rose. Pages 27 and 30

● WALL STREET: Dow Jones index closed down 4.04 at 1,037.99. Pages 27 and 28

● TOKYO: Nikkei Dow index closed up 159.33 at 7962.51. Stock Exchange index gained 8.41 to 582.92. Pages 27 and 28

● HONG KONG: Hang Seng index shed 7.71 to close at 880.74. Pages 27 and 28

● AUSTRALIA: All-shares index rose 8.8 to 537.3. Pages 27 and 28

● FRANKFURT: Commerzbank index gained 7.7 to reach 735.6. Pages 27 and 28

● WEST GERMAN trade surplus hit a record DM 51.2bn ($21bn) last year, almost double its 1981 surplus. Page 18

● YUGOSLAVIA will pay all its foreign debts and honour all foreign obligations, Minister Janko Smole said.

● INDIA cut crude oil imports by 1m tonnes last year and expects a further 2m fall to 12.5m tonnes this year. Page 6

● BRAZIL cut its inflation-linked pay rises for workers in the last part of an IMF agreement for a $4.9bn loan.

● U.S. TRADE deficit fell to $3.37bn last month against $4.09bn in November, because of a surprising 4.1 per cent rise in exports. Trade deficit for 1982 was a record $42.69bn.

● GHH, West German mechanical engineering group, will cut its dividend this year for the first time since 1976-77 following a sharp drop in business. Page 19

● PROCTER AND GAMBLE, U.S. household goods group, raised net earnings 12.8 per cent to $487m in the half-year to December 31. Page 19

● AMERSHAM INTERNATIONAL of the UK has linked with Chugai Pharmaceutical of Japan in an effort to boost sales of its medical products in Japan. Page 19

● ALLIS-CHALMERS, U.S. machinery manufacturer, net losses increased from $28.8m to $207m. Page 19

● SAGA PETROLEUM of Norway made a promising oil discovery on the Norwegian Continental shelf.

Regan says budget plan will avert need for new tax

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

Mr Donald Regan, the U.S. Treasury Secretary, yesterday urged Congress to adopt the administration's new economic and budgetary programme in order to avert the need for future "standby" taxes as proposed by President Ronald Reagan in his state of the union message on Tuesday.

Mr Regan said it was unlikely that the controversial taxes would be necessary if Congress accepted Mr Reagan's four point plan to reduce budget deficits by $558bn over the next five years.

As envisaged by the administration, the taxes would raise $40bn to $50bn a year over three years from October 1985 if deficits are still out of control.

As Mr Regan strongly defended the "credibility" of Mr Reagan's proposals to reduce deficits, the Democrats welcomed the tone but not the content of the President's state of the union address.

Leading Democrats indicated they would try to respond to Mr Reagan's appeal for a bipartisan approach to restore economic growth and reduce unemployment, but attacked his plans for continued high increases in military spending at the expense of social programmes.

They were expected to oppose the standby tax plan – over which leading Republicans have also expressed reservations – and produce their own alternative tax proposals.

Mr Regan told the Congressional Joint Economic Committee that the administration now expected real growth to reach the 4 per cent range by the final quarter of this year. He warned, however, that long term interest rates would have to decline into single figures, from their present levels of over 12 per cent, if economic recovery were to be sustained.

The economy should start to show positive growth in the current quarter, Mr Regan said. It would move somewhat higher than 4 per cent early in 1984 and then level out at around 4 per cent.

In past days, the administration has said it regards its forecasts as cautious compared with those made by many private economists.

In their analysis of Mr Reagan's state of the union proposals, senior administration officials said that if real growth was 1 per cent above the administration's forecasts, the deficit could fall below $100bn in 1988 – provided Congress adopted Mr Reagan's budget proposals.

An even higher growth rate, which was "historically feasible" could reduce the deficit to zero by 1988, they said. The state of the union forecasts put the 1988 deficit at $117bn if Congress accepts Mr Reagan's plans for a real spending freeze and other restraints in the 1984 budget, and the standby taxes are brought into force.

Mr Regan said that despite the expected upturn, U.S. unemployment was likely to average 10.7 per cent for this year, only marginally down from the post-war record level of 10.8 per cent. He predicted that the overall average rate next year would be 9.9 per cent.

Mr Regan forecast that the high value of the dollar last year would produce "some remarkable trade deficits in early 1983." But he warned against protectionist tendencies, saying that the U.S. needed to strike a careful balance between protecting its industries and providing opportunities for other countries to export, particularly developing countries with large debt burdens.

Reagan admits need for new tactics, Page 4; Editorial comment, Page 16; Wall Street, Page 27; Money markets, Page 34

UK warns oil companies against early price cuts

BY RAY DAFTER, ENERGY EDITOR, IN LONDON

MR NIGEL LAWSON, the U.S. Energy Secretary, yesterday called in industry leaders for talks on the international oil crisis.

The meeting came as British National Oil Corporation – the leading trader of North Sea Oil – began discussions with refining companies which may soon apply pressure for a reduction in North Sea Oil prices.

Mr Lawson met Mr Peter Walters, chairman of British Petroleum, and Sir Peter Baxendell, chairman of "Shell" Transport and Trading, to hear at first hand their views about a possible collapse of prices. It is understood that there was general agreement that the UK oil industry should "not rock the boat" in the uncertain climate, following the abortive meeting of the Organisation of Petroleum Exporting Countries earlier this week.

Mr Lawson is thought to have refrained from putting pressure on the two oil chiefs to delay any bid for a North Sea price cut. BP has already told BNOC that it would accept a continuation of the present UK reference price of $33.50 a barrel beyond February 1, only on the understanding that there was an improvement in the world oil pricing structure during January.

Since the beginning of January the spot market price of North Sea Forties oil has fallen from about $31 to about $19.50. There has been a sharp drop following the prediction on Monday by Sheikh Ahmed Zaki Yamani, the Saudi Arabian Oil Minister, that North Sea prices would fall by $2 to $3 a barrel within a few days.

In the wake of the Opec meeting, oil producers have been drawn into a game of pricing brinkmanship, with no country anxious to start a price-cutting chain reaction.

The Energy Department refused to comment on Mr Lawson's meeting but emphasised: "BNOC and British North Sea oil prices will follow the market as it has always done."

BNOC remained silent, although it is understood that officials of the state-owned corporation have already begun informal discussions with buyers of its oil, who are anxious for a price reduction. It is likely that pressure will be resisted by companies predominantly involved in production and, as a result, keen on prices staying as high as possible.

Britoil – once the exploration and production arm of BNOC – is one such company. Sir Archie Lamb, an executive director of Britoil, said yesterday he saw no reason for an urgent or dramatic North Sea price cut.

If Opec countries initiated reductions, North Sea companies might follow, although maybe not to the same extent. There was a case for restoring some of the premium

Continued on Page 18

British industry chiefs seek £4bn stimulus from budget

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE Confederation of British Industry, the leading employers' group, yesterday urged the Conservative Government to bring in a programme of tax cuts and extra public spending worth £4bn ($6.2bn) in its budget on March 15.

The £4bn would be additional to the cost of "unchanged policies," which, on the Treasury's definition assumes that income tax thresholds and excise duties will automatically be raised in line with the inflation rate in the year to December (5.4 per cent).

After some offsetting savings in government departments and feedback effects, the CBI estimates its measures would bring the Public Sector Borrowing Requirement next year to £9bn. This would be £1bn more than the Treasury assumed in its November Autumn Statement and £2.6bn more than it would have been without policy changes.

The CBI forecast suggests that the Chancellor, Sir Geoffrey Howe, will have about £2bn of room for manoeuvre in the March budget if he sticks to a borrowing target of £8bn.

Allowing for "feedback" effects which follow reflationary measures, this might translate into about £2½bn worth of tax cuts.

The main thrust of the CBI's representation is that business costs must be reduced by the abolition of the National Insurance Surcharge and the lowering of local property taxes on business. It also wants public sector capital spending to be boosted along with other measures to lower energy costs and to ease the burden of particular taxes. The only concession to the personal sector would be a decision not to raise beer, tobacco and other duties in line with inflation.

The CBI's proposals represent a fairly modest stimulation to the economy. This reflects the view of industrialists that it is important to avoid the risk of a resurgence of inflation. Many businessmen would prefer a fairly gradual recovery.

On the other hand, the CBI believes that in the absence of any reflationary measures, there is a significant risk that unemployment will continue to rise at a steady rate for the next two years.

Sir Terence Beckett, the CBI's director general, said yesterday the proposals were designed to improve British industry's competitive position in the world.

Signs of flexibility on INF talks

By Bridget Bloom, Defence Correspondent, in London

THE U.S. and the Soviet Union reopen negotiations on limiting intermediate range nuclear weapons in Europe this morning amid apparent signs of flexibility from both sides.

A flurry of public statements over the past month suggest that both superpowers are now preparing to move from their opening positions in the Intermediate Nuclear Force negotiations, thus affording the chance of breaking the deadlock which has characterised the 14-month old Geneva talks.

However, it is far from clear whether the sorts of compromises which both sides might ultimately be prepared to make will be dramatic or fast enough to appease growing domestic pressure in Europe against the deployment of the new U.S. owned cruise and Pershing missiles.

Mr Paul Nitze, leader of the U.S. delegation to the INF talks in Geneva, will meet his Russian counterpart, Mr Yuli Kvitsinsky this morning for the first time since the talks went into recess last November.

Officials say Mr Nitze will seek clarification of new Russian proposals as announced by Mr Yuri Andropov, the new Soviet leader and elaborated in the Warsaw pact declaration earlier this month.

On the American side, Mr Nitze indicated on Tuesday that the UK "was not necessarily locked into" its opening position of the so-called "zero-option" though this remained the ideal solution.

This calls on Moscow to dismantle its 600-odd SS20 and other medium-range land-based nuclear missiles, in return for which Nato would abandon its plans to deploy 572 cruise and Pershing missiles in five European countries from the end of this year.

Many western politicians have long considered the zero option an opening negotiating ploy which would sooner or later have to be abandoned. Mrs Thatcher, the British Prime Minister, is the latest western leader to indicate that an agreement which involved some deployment of

Continued on Page 18

Missile controversy, Editorial comment, Page 16; Vienna talks, Page 2

Eaton unveils fork lift industry plan

BY RICHARD LAMBERT IN NEW YORK

PLANS for a major rationalisation of the international fork lift truck industry were announced yesterday by Eaton Corporation, the Cleveland-based manufacturer of components and capital goods.

The group's UK fork lift truck facility will not be significantly affected by the changes, but its German operations are expected to be restructured in co-operation with an, as yet unnamed, Continental lift truck manufacturer. There will also be further streamlining of the group's U.S. lift truck facilities.

Eaton is among the top 10 manufacturers of materials handling equipment in the world. The largest is Balkancar of Bulgaria, followed by Clark and Hyster of the U.S., Toyota of Japan, Lansing Bagnall of the UK and Linde of West Germany.

Sources in Europe suggested yesterday that the European partner is Jungbeinrich, a private German company which is also among the top 10 manufacturers of materials handling equipment in the world.

Eaton said yesterday that its 1982 figures would carry a charge of up to $205m after tax, a very significant part of which would arise from the rationalisation of its lift truck interests. In addition, it said it would be closing axle plants in Cleveland and Louisville, and a transmission plant in Kalamazoo.

Further reserves had been authorised to cover the possible closure of other domestic plants, including an engine valve plant in Battle Creek, Michigan and a fasteners plant in Cleveland, as well as several unidentified overseas operations.

The group plans to spin off its lift truck business into a new independent company, a significant part of which will be owned directly by Eaton's shareholders. This company will be run as a worldwide partnership, Eaton said, which would include Sumitomo Heavy Industries – the Japanese group which has been linked with Eaton's lift truck business for 12 years – as well as the unnamed European materials handling concern. Eaton's participation in the new venture would be reduced to 19 per cent.

Mr Alfred Rankin, President of Eaton's materials handling group, said yesterday that the group had at one stage been involved in discussions with Lancer Boss of the UK. But in the end it had decided on an alternative plan. He said that the new company would be given sufficient assets to make it a free-standing, viable entity.

Mr Rankin said that Eaton currently had a "healthy" share of the world's fork lift truck industry. Sales would normally run in the range of $200m to $300m a year, but

Continued on Page 18

Harvester in talks with Renault, Page 18

Chrysler to sell its South African stake

BY BERNARD SIMON IN JOHANNESBURG

CHRYSLER, the U.S. vehicle group, is to sell its 25 per cent holding in Sigma Motor Corporation, one of South Africa's largest car companies, to Anglo American and its subsidiary, Anglo American Industrial Corporation (Amic). Anglo American companies already own the remaining 75 per cent of Sigma's shares.

Although Anglo American has refused to disclose the value of the transaction, it almost certainly represents one of the largest South African divestments by a foreign company. Sigma's capital employed was R183m ($171m) in 1980, the latest figures available. Its revenues are about R500m a year.

Chrysler is understood to have been eager to sell its shareholding in Sigma for at least a year, apparently as part of its efforts to bolster cash flow. But according to sources in South Africa, Anglo American has up to now been a reluctant buyer, hoping that Chrysler's difficulties in the U.S. would force it to lower its price.

According to a company announcement yesterday, Sigma will retain the right to distribute new Chrysler products in South Africa.

Sigma, whose range includes Mazda, Mitsubishi and Peugeot vehicles, is currently the most troubled of South Africa's 10 motor manufacturers. Its share of the car market has plunged from a peak of 23 per cent at one point in 1980 to 11.9 per cent last month.

Background, Page 20

CONTENTS

Spain to go ahead with limited reform of abortion laws

BY TOM BURNS IN MADRID

THE SPANISH Government has decided to lift bans on abortion in certain restricted cases, thereby fulfilling a controversial pledge in the Socialist Party's election manifesto.

The Government spokesman said yesterday that abortioo would be permitted in cases of rape, the malformation of the foetus and when the life of the mother was in danger; new legislation to allow this would be put before parliament next week.

The abortion issue is highly sensitive in predominantly Roman Catholic Spain, where, under existing legislation, womeo who terminate their pregnancies as well as those who carry out the abortions have been liable to sentences of up to 12 years in jail. The anti-abortion lobby, spearheaded by the Church and boosted by a successful Papal tour last November, can be expected to mobilise considerable opposition to the Government's proposal.

The parliamentary spokesman for the opposition Alianza Popular party said yesterday the Socialist initietive would be contested at every stage, indicating that the issue might go before the Constitutional Court to test its legitimacy. The 1978 Spanish constitution refers directly to the "right to life."

The present bans bave in practice resulted in widescale back-street abortions – with a death-toll that some observers believe to be as high as 300–400 women a year – and periodic court cases which have attracted increasing publicity. Earlier this mooth, a retired 77-year-old male nurse was given e 37-year sentence in Barcelona, suspended on account of his age, for seven charges of carrying out abortions.

The court ruling however included an unprecedented rider that called for an overbaul of the penal code to reflect changed social attitudes over abortion. Reports in the Spanisb press say that as many as 20,000 women travel to London annually from Spain to terminate their pregnancies.

Cheysson for London talks on EEC budget

BY DAVID HOUSEGO IN PARIS

M CLAUDE Cheysson, the French Foreign Minister, flies to London on Monday for difficult talks on Britain's EEC budget contribution with Sir Geoffrey Howe, the Chancellor of the Exchequer.

The question of Britain'a past and future budget rebates will be M Cheysson's main preoccupation during his two-day visit, although he will also see Mr Francis Pym, the UK Foreign Secretary for discussions oo the broad area of East-West relations in advance of U.S. Vice President, Mr George Bush's trip to Europe and Mr Cheysson's own to Moscow.

The French consider there can be no intermediate arrangements to reduce British budget payments in 1983 and 1984 until the issue of the UK's additional 1980–81 "windfall" after the 1980 EEC budget agreement has been resolved.

The French resent that Britain should have paid some ECU 1040m less into the EEC budget in those years than other EEC governments intended.

The French also want the British problem to be handled within a general reform of Community finances and the development of new policies.

Britain is ready to discuss the 1980–81 payments as part of a longer term solution, but it wants interim arrangements for 1983–84 to be settled before agreeing to e review of the Community budget.

M Cheysson and Sir Geoffrey Howe will also discuss the immediate problem of the supplementary Community budget for 1983 which includes the £490m ($753m) to pay Britain's latest rebate from the Community. The supplementary budget has to be approved by the European Parliament.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Oil strike on Norway's continental shelf

By Fay Gjester in Oslo

SAGA Petroleum, smallest of the three Norwegian oil companies operating on Norway's continental shelf, has made what appears to be a highly promising oil discovery.

It is at the company's fourth well on North Sea blocks 34/4, about 50 km north of the giant Anglo-Norwegian Statfjord oil and gas field. The discovery, as yet unnamed, is the first it has found which seems likely to be worth development.

Saga is the operator on block 34/4 for a consortium which includes Statoil, Norway's state oil company, Deminex, of West Germany, and the U.S. companies Texas Eastern, Amoco and Amerada Hess.

The Norwegian petroleum directorate — normally cautious in appraising well results—described the find yesterday as "highly interesting."

The flow rate and viscosity of the oil indicate a likely high recovery factor—that is, a large proportion of the oil in the reservoir could be extracted.

The directorate will not estimate, at this stage, how much the field might contain. The oil-bearing structure is believed to extend into adjacent blocks 34/7, nat yet allocated. Until they have been explored, the 34/4 find cannot be properly assessed. Oil industry rumours say it might be even larger than Statfjord.

Mr Eigill Nysaether, Saga's exploration chief, said yesterday that the company and its partners on 34/4 would need time to digest all the information yielded by the well, and previous probes of the block, before deciding on their next move.

The 34/4 discovery being of oil, rather than gas, is good news for the Norwegian Government. If poor prices offered for Norway's off-shore gas were to force delay of gas field development, another large oil field ripe for exploitation could be an alternative way to maintain national petroleum output over the next decade or so.

David Buchan examines the unique rescue package being assembled to help Belgrade

Yugoslavia's good relations finally pay off

YEARS OF cultivating good relations with practically everyone have finally paid off for non-aligned Yugoslavia in its hour of economic need.

A unique rescue package is being put together to help Yugoslavia weather its debt servicing crisis. It involves three major institutions, the Internatiooal Monetary Fund (IMF), the World Bank and the Bank for International Settlements (BIS), no less than 16 foreign governments, and dozens of commercial banks.

The most unusual element is the agreement by 15 "Western" governments—Nato and neutral countries plus Japan—to provide $1.3bn (£844m) export and financial credits.

Turkey and Portugal got similar governmental help in the 1970s, but this is the first ever such assistance to a non-aligned country.

Separately, Kuwait has indicated that it and possibly other Gulf states may provide loans, thus slightly diluting the Western colour of the aid package. This will be welcome to Yugoslavia, a leader of the non-aligned movement which is due to bold a summit in less than two months' time.

If the Yugoslav rescue effort can be said to bave had a birthplace, it is Washington—in two very distinct institutions; the U.S. State Department and the IMF, with very separate motives, but in this case a common goal.

The IMF has realised that its credibility was very mnch at stake in Yugoslavia, the only major country to bit a debt crisis in spite of being two years into an IMF standby credit programme.

Even though it met IMF targets and won repeated fund approval, Yugoslavia continued stubbornly to sink. So the IMF decided to mobilise the diplomatic skills it had already used in the Latin American debt crises and to mount a rescue effort which included Yugoslavia's creditor banks.

At the same time last autumn, the State Department, where the senior career officer, Mr Lawrence Eagleburger, is a former ambassador to Belgrade, began to concoct the sort of aid package normally reserved for Nato members in trouble.

The catalyst was the baulking by the BIS on a Yugoslav loan request. If central banks were refusing to give Yugoslavia short-term finance because they could see no end to tha country's problems in view, the U.S. decided that governments would have to give the lead.

The U.S. was banking on the self-interest, which many other countries shared with it, in Yugoslavia's economic well-being. The relative speed with which the governmental aid package was wrapped np proved this correct.

To the U.S. and Nato, Yugoslavia is a bulwark against the Warsaw Pact reaching the Mediterranean. Nato officials have played too many "war game" scenarios starting with disruption in Yugoslavia to be complacent about problems there.

For Europe's neutral countries, Yugoslevia is politically important, as well as providing e vital market for two of them, Austria and Switzerland. Indeed for most Western countries, trade with Yugoslavia has been profitable.

Once the governmental aid initiative was launched, the U.S. was only too happy to hand the co-ordinating role to Switzerland. Yugoslavia was only too heppy to see a neutral country take charge.

The package for Yugoslavia has been likened to a stool with four legs—some of them a bit wobbly and all of them hinged on each other:

- $1.3bn from governments, and more if Kuwait joins in.
- Re-financing from private banks, including a 90-day extension of loans maturing this quarter and np to $2bn in loans (to repay loans due this year with extra left over).
- A final SDR 554m (£382m) disbursement of the IMF standby loan, and a structural adjustment loan from the World Bank.
- Bridging finance from the BIS.

None of these "legs" are yet gined into place. The governments are still haggling over the exact mix of their contributions—whether in new export credits stretched-out repayments of old trade credits, or financial loans.

The Yugoslavs are naturally keenest on straight financial loans. But the governments are just as naturally more interested in giving credit tied to Yugoslav purchase of their goods or commodities. They are also a mite suspicious that untied cash loans could end up in the pockets of the private banks.

The BIS has yet to act, though once the governmental aid is finalised it will know how and when any bridging loan to Yugoslavia will be repaid. The privete bank negotiations will probably be long and tortuous, with bankers keeping a close eye on what the governments and central banks are doing.

The acid test for both the Yugoslavs and the IMF will be to ensure that ell these resources ere better used than in the past. The IMF is now assuring ell and sundry that its 1983 programme for Yugoslavia is "more stringent" than in 1981-82.

That means real wage reductions, higher interest rates and e faster dapreciation of the dinar, the Yugoslav currency. The Fund has told Belgrade that if creeping develuation of the dinar does not neutralise domestic inflation by mid-year it will press for a big one-shot devaluation.

YUGOSLAVIA'S chief negotiator said yesterday that his country would lika Western governments to provide more of their $1.3bn aid package in flexible financial loans rather than in tied trade credits, Aleksandar Lebl writes from Belgrade.

Mr Janko Smole, a Federal Executive Council member, was optimistic, bowever, that a three or six month loan to bridge the gap until the government aid becomes available, would soon be forthcoming from the Bank for International Settlements, as well as a new export-oriented adjustment loan from the World Bank. Yugoslavia needed to pay $4.5bn this year to service a total debt of $19bn.

Meanwhile, the country is moving towards the 1983 targets in its current IMF programme. It has depreciated the dinar against the U.S. dollar by 8.2 per cent so far this year and, on February 1, is due to raise interest rates in excess of 30 per cent. Both steps are a response to high domestic inflation.

Lawrence Eagleburger: began te concoct the sort ef aid package normally reserved for Nato members.

Slim hope of progress as force reduction talks reopen

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

A NEW round of arms control negotiations aimed at reducing the conventional forces of Nato and the Warsaw Pact opens in Vienna this morning with only slight hopes on the western side that the longstanding deadlock between East and West can be broken.

The Mutual and Balanced Force Reduction talks now in their tenth year are the least publicised of the main arms negotiations in progress. Unlike those being held to limit nuclear weapons in Europe—which re-open in Geneva this morning—they involve members of both the Nato and Warsaw Pact alliances, rather than just the U.S. and Soviet Union.

The talks have been stymied for most of the past decade over two key issues. The West wants to reduce the numbers of troops in central Europe but cannot agree on existing numbers with the Soviet Union. It puts the number of Warsaw Pact troops et around 960,000, against 800,000 of its own; the Soviet Union say there is already parity.

Nor can the two sides agree on what "associated measures" should be introduced to make sure that any reductions agreed would be carried out.

Last July, the 12 Nato countries represented in Vienna tabled a draft treaty which, it was hoped, would shift the log jam. It proposed reductions in four phases over seven years to bring each sides total ground forces in Central Europe to 700,000—or 900,000, including air forces.

The Western proposals would involve reductions in all Nato forces, including the West German, for which the Warsaw Pact has long asked. However, western officials say there has been little response from the Pact on that, or on suggestions for increasing confidence by measures which would include, for example, more thorough notification of troop movements and military exercises.

There is little optimism that the two-month-long plenary session opening today will see greater movement.

Western officials feel, however, the Soviet Union is essentially no readier under the leadership of Mr Yuri Andropov than it was under Mr Leonid Brezhnev to see real troops reductions in Central Europe, given the unsettled situation in Poland, in particular.

The U.S. delegation to the talks is now to be led by Mr Morton Abramowitz, a career diplomat, replacing Mr Richard Starr. Mr Starr was sacked by President Ronald Reagan—apparently for incompetence—earlier this month. Mr Abramowitz's appointment, which is yet to be confirmed by Congress, has been welcomed by other Nato delegations but is not expected to result in changes of tactics or structure on the Western side.

BOND DRAWINGS

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HAMBROS BANK LIMITED
27th January, 1983

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

[illegible]

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

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Naples puts up its shutters in protest against Camorra

BY JAMES BUXTON IN ROME

VIRTUALLY every shop, stall and kiosk in Naples kept its shutters down yesterday in a silent protest against the extortions of the Camorra, the Neapolitan version of the Mafia. The protest is to go on today.

Shopkeepers claim that most of them are forced to pay protection money to the armed gangs of the Camorra in order to stay in business. The size of the extortions exacted by the Camorra has increased sharply lately partly as a result of the warfare between different gangs, which has already claimed 25 lives in the first 25 days of this year.

Yesterday's strike by shopkeepers, market stall keepers and even the city's familiar street pedlars was a bold demonstration against the Camorra, which until recently has been able to make shopkeepers put up their shutters out of "respect" for a fallen gangster.

But it was also directed both against the Italian state, which Neapolitans believe is not really prepared to tackle the city's horrendous crime, housing and employment problems, and against the local authorities. The regional government, dominated by the Christian Democrats, is currently paralysed by internal dissent and the Communist-led city administration is on the verge of crisis.

Yesterday, President Sandro Pertini, the 66-year old head of state, attended the funeral in Trapani, Western Sicily, of Sig Giangiacomo Ciaccio Montalto, a 41-year-old magistrate who was murdered there early on Tuesday morning. Sig Montalto was a leading investigator of the Sicilian Mafia.

Sig Montalto was machine-gunned in his car in what is seen as a warning to other magistrates by the Mafia. He was using the new anti-Mafia law which enables detailed investigations of the assets and bank accounts of suspected *mafiosi*.

The law was passed hurriedly last September after the assassination in Palermo of General Carlo Alberto Dalla Chiesa, the prefect of the city who had been sent to campaign against the Mafia. Investigations into the general's death have so far got almost nowhere.

Portuguese employers in 'apocalyptic' outburst

BY DIANA SMITH IN LISBON

PORTUGAL is undergoing its worst crisis since 1580, the year Spain annexed it, according to the head of the Confederation of Portuguese Industry (CIP) Sr Pedro Ferraz Da Costa.

The CIP leader said that since 1974 the nation had been sapped by marxist forces aiming to destroy the nations's true moral, historical and material values, and that only the efforts of private enterprise, in totally adverse conditions, had prevented rack and ruin.

Sr Ferraz Da Costa warned that leaders of the CIP would meet to discuss the emergency measures to be taken by private enterprise in the face of the crisis. He declined to give details to the press, which described the CIP leader's outburst as "apocalyptic."

The CIP has been sour and pessimistic about the fate of Portuguese business since the Confederation was formed in the mid-1970s, but Sr Ferraz Da Costa's latest speech startled even seaconed CIP observers.

More concretely, Sr Ferraz Da Costa said that private businessmen could hardly be moved to invest when there was no clear foreign exchange policy; the conditions of EEC accession were still uncertain; no one knew what trade agreement there would be with Spain (whith at the moment exports four times as much to Portugal as it imports); credit conditions were unsure and wage policies uneven.

European manned space system to be studied

BY MICHEAL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

THE European Space Agency (ESA) is to study the possibility of developing a form of manned space transport system, under a preliminary $11m programme.

Nine member-states of the ESA – Belgium, France, West Germany, Italy, the Netherlands, Spain and Sweden – agreed at a recent meeting to approve the venture.

Called the Space Transportation Systems Long-Term Preparatory Programme (STS–LTPP), the venture is intended to define those areas in which it is thought Europe could eventually undertake manned space ventures.

The three main options to be studied by the ESA are:

- maintaining in Europe an independent launching capability for space satellites and other craft that would ensure that Europe kept up with other developments elsewhere, especially in the U.S.;
- providing Europe with an in-orbit capability that would entail development of a Shuttle-type system of its own; and
- continuing Europe's development of the manned Spacelab system (which is already under development and is due to fly in the U.S. Space Shuttle soon).

Mr Charles Haughey: 'growing pressure'

Dublin phone tap inquiry suspended

By Brendan Keenan in Dublin

THE PRESSURE on the Irish opposition leader, Mr Charles Haughey, increased yesterday when the internal party inquiry, which he established to look into allegations of improper phone tapping, suspended its activities.

Mr James Tunney, chairman of the inquiry as well as of the Fianna Fail parliamentary party, was reacting to unfavourable newspaper comment about the inquiry. An article in the Irish Independent suggested that the inquiry could not be expected to produce an impartial verdict.

There is now widespread speculation in political circles, including Mr Haughey's own party, as to whether he can survive even until the party's annual conference at the end of next month. Mr Haughey needs a credible inquiry to keep his hold on the party in the face of mounting criticism over the revelation of the tapping of journalists' phones and a bugged conversation between two former ministers.

The threat of further controversy hangs over the party as the recently elected Government continues its investigations into the workings of the Department of Justice during Mr Haughey's term of office.

● Thousands of Irish schoolteachers marched to the Irish Parliament yesterday in protest at proposed cuts in education spending. The country's vocational schools, which give technical, secondary education, were virtually closed by a one day strike by one of three major teachers' unions.

Ministers are known to be dismayed at the reaction to the cuts, which would save I£8m out of a total budget for primary and secondary education of almost I£800m ($1.8bn). They take it as evidence that the public has no idea of the scale of cuts necessary to restore balance to the public's finances.

The teachers argue that the cuts are insensitive and will fall mainly on the disadvantaged. The proposals include the introduction of charges for school transport and reduction in services such as remedial teaching and career guidance.

Teachers also feel that an increase in the pupil-teacher ratio could threaten job prospects. The Government can point to a survey just published which shows that teachers in the republic earn more, work less hours and have more security than their counterparts in Northern Ireland.

The Government is attempting to frame a budget for next month which will reduce substantially the exchequer's borrowing requirement of I£2bn. The march by 5,000 teachers is seen as a sign that the government will come under heavy political pressure as they try to reduce the level of public spending.

France eyes banks for public sector finance

BY DAVID MARSH IN PARIS

THE French Ministry of Research and Industry is again eyeing the possibility of tapping the banks to help finance deficits in the public sector. It could provoke an intra-government tussle over ways of channelling funds to the hard-pressed nationalised industries.

The Government announced two months ago that the main state-owned industrial groups would be receiving FFr 20bn (£1.8bn) in capital resources to finance investments and cover losses this year.

A total of FFr 12.5bn (£1.1bn) will be coming from the state budget, with perhaps FFr 3bn (£280m) being raised by issues of special "participatory certificates" by the companies themselves on the bond market, and the rest from other sources.

Although no decision has yet been taken, the Ministry of Research and Industry is keeping open the possibility of asking the state-controlled banking sector to provide some of the remaining sum of FFr 4.5bn.

Such a move would be strongly opposed by the Finance Ministry which is formally in charge of the banks. M Jacques Delors, the Finance Minister, has promised publicly that last year's action to drain FFr 6bn from the banks towards nationalised industry was an exceptional measure which would oot be repeated.

Underlining that the whole issue is still in a state of flux, a senior government official said last night that there was no need for the moment to repeat last year's call on the banks.

The FFr 6bn package in 1982 provided a mixture of subordinated loans and direct capital injections from the banks to the nationalised sector. If the banks were asked again to contribute this year, both these measures, together with an issue of industry-financing bonds for subscription by the banks, would be possibilities.

The search for funds for the public sector groups, most of them taken over in last spring's nationalisations, has intensified in recent months. This is due to worsening losses caused both by structural defects and the economic climate.

The 11 companies directly under the control of the Industry Ministry are beieved to have chalked up overall consolidated losses of about FFr 15bn last year, compared witb just over FFr 11bn in 1981.

Tbe companies' activities range from traditional areas like sleel, cars and chemicals to defence and electronics. Many of them are severely under-capltalised by international standards. Together, they have put in bids for extra resources of more than FFr 50bn over the next three years. Because of budgetary constraints, the Government is likely to be able to satisfy the cash needs only partially.

Total requests for capilal from tbe groups for this year, for instance, are thought to have exceeded by as much as 50 per cent the sum of FFr 20bn which has been agreed.

Cii Honeywell Bull, the trouble-plagued computer group which has admitted that it will not be out of the red until 1986 al tbe earliest, has been granted FFr 1.5bn in capltal injections this year together with up to FFr 500m ln researcb credits. This is well below the FFr 2.5bn-FFr 3bn tbe company bas said it needs.

Apart from Cii Honeywell Bull, the other groups with the largest difficulties are the Sacilor and Usinor steel companies and the CDF-Chimie chemical concern. Steel and basic chemicals may receive as much as half the total capital alloation of FFr 20bn this year simply to cover losses. The Industry Ministry is also seeking authorisalion for a separate package of governmenl funds — perhaps as much as FFr 3bn — lo go towsrds financing the recently announced restructuring of the chemical sector.

The raw materials group, Pechiney Ugine Kuhlmann, and the heavily indebled chemicals concern Rhone Poulenc, are also causing problems, although the latter is believed to be slowly pulling itself out of the red.

Renault and Thomson, the car and electrical giants, have also swung into large deficits over the past two years. This has left Saint Gobain and Compagnie Generale d'Electricite, the two diversified engineering / electrical conglomerales, as the only basically profitable groups among the main nationalised industries.

Officials are worried that even CGE, which has profited from buoyant exports to the oil states over the last few years, may suffer as a result of the slump in Opec economies after the latest fall in tbe oil price.

MEPs take tough budget line

BY JOHN WYLES IN BRUSSELS

MR PIETER DANKERT, the European Parliament president, yesterday set the stage for an angry and difficult negotiation with EEC member governments before there is any prospect of the Parliament releasing a budget rebate for Britain of close to £500m.

During a 90-minute exchange with Community budget ministers, he and other parliamentary leaders sketched out just about the toughest opening position they could have assembled. Attacking the European Commission's budget proposals for the UK as "insufficient," Mr Dankert went on to imply that the Council of Ministers was facing two ways in a bid to placate the Parliament.

After its adoption by budget ministers, the draft supplementary to the EEC'a 1983 budget will be considered by the full Parliament next month.

MEPs are demanding a promise that there will be no more special budget deals for Britain; an undertaking to secure a long-term solution to the British budget problem through the development of EEC policies; and alterations in the way the British and West German rebates are classified in the supplementary budget.

Foreign ministers tried to soften up the Parliament on Monday with a declaration suggesting that they shared the aim of solving the British budget problem through Community policies. But Mr Dankert stressed yesterday that the value of these words was devalued by a codicil in the council's minutes by implying that this did not alter the fact that further special arrangements for Britain would probably be needed in 1983-84.

The thorniest issue for the ministers last night was the Commission's proposal that £353m for Britain and West Germany be put into a budgetary category which could be used by the Parliament as a basis for adding to EEC spending next year.

France and West Germany proved reluctant to back this, partly because Mr Dankert refused to promise that Parliament would not exploit the concession to boost non-agricultural expenditure in 1984.

Lambsdorff optimistic about economic upturn

BY JAMES BUCHAN IN BONN

THE BONN GOVERNMENT yesterday pronounced itself hopeful of economic recovery this year, with sufficient impulse in the course of the year to permit nothing worse than nil real economic growth for the year as a whole and unemployment of 2.35m.

Speaking after the Cabinet approved the ecooomic report for 1982 and prospects for 1983, Count Otto Lambsdorff, Economics Minister in the conservative-liberal government, told a press conference: "At the end of 1982, we were in the basement. At the end of 1983, we'll be on the ground or first floor". The report envisages an improvement in domestic demand and 2.5 per cent real growth during the year.

But Herr Manfred Lahnstein, the former Social Democrat (SPD) Finance Minister, and Professor Jürgen Krupp, tipped to be Economics Minister should the SPD come to power in the general elections in March, saw little hope for an upturn.

The Social Democrats have called on the main industrial countries to introduce more expansive policies to turn back unemployment.

● The Bonn government is ready to consider assistance to the badly troubled West German steel industry on the lines proposed by an independent commission of three experts on Tuesday, Count Lambsdorff said.

Financial Times correspondents assess thc likely impact of President Reagan's second State of the Union address to Congress.

Wall Street disappointed by budget proposals

By Paul Taylor in New York

WALL STREET'S economists reacted with a mixture of disappointment and concern to the President's budget proposals.

The overwhelming reaction was summed np by Mr Richard Keller of Marine Midland, who said the speech was "anti-climactic" and suggested the response was "neutral to negative."

Many of the President's specific proposals had been leaked ahead of the State of the Union message and therefore came as no surprise to Wall Street.

While several economists noted that the President had been forced to recognise the significance of yawning budget deficits in future years, they expressed concern that his proposals to deal with the deficits were dependent on Congressional approval. This, they suggested, was likely to be withheld.

Mr Bill Griggs of the financial consultants Griggs and Santow, expressed "concern" about the tone of the President's remarks, which he said "showed no spirit of compromise" of the type needed to reach agreement with Congress on ways to reduce the deficit.

He said that what the market really wanted to hear was that attitudes had changed towards a more "co-operative spirit."

Mr Griggs also found the lack of urgency in the President's proposals a cause for concern. "Something has to be done quickly," he said, and he described the contingency tax cutting proposal as "crazy."

Mr Griggs suggested the President's unwillingness to compromise would be an "unsettling factor" for the markets.

However, other Wall Street economists disagreed. Mr Philip Braverman of Chase Manhattan Bank said that, while the President's comments set the scene for a "stand-off" between Congress and the Presidency, "there was merit in the contingency tax proposal." It represented a "built-in stabilising mechanism."

Nevertheless, Mr Braverman, like others, saw the budget proposals as "the opening bell for this session," and suggested the markets could await the outcome of the budget debate before delivering a verdict.

Mr Keller characterised the proposals as setting np a "spaghetti fight" and said that the President "appears te have expended most of his options."

Mr Frank Mastrapasqua, of the securities firm Smith Barney Harris Upham, said the President's address contained little new, bot no "negatives."

Mr Robert Salomon of the securities firm Salomon Brothers said be thought the President had given "a brilliant performance" but had said "nothing of real substance."

Sombre Reagan admits need for new tactics

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

"LONG LIVE King Ronnie," a lone, cold demonstrator was heard shouting outside the White House railings—sarcastically, one assumed—as the President geared himself to deliver his second State of the Union address on Tuesday night.

Inside the Capitol building itself, some 100 anti-poverty demonstrators were arrested only hours before Mr Reagan arrived to deliver his 40-minute oration to the usual packed and generally good-humoured joint session of the two Houses of Congress.

Times have changed since Mr Reagan pronounced his first triumphant State of the Union message from the same podium just 12 months ago, and Mr Reagan's 1983 speech acknowledged tho fact in both content and presentation.

With recession still causing grave hardship throughout the nation, his support in the opinion polls plummeting and unemployment at record post-war levels, be came to Capitol Hill, in the words of one Washington commentator, no longor as a king but as a commoner.

Tuesday night saw e more sombre, unsmiling Ronald Reagan, delivering his message in polished, though unusually halting style—despite the use of his two indispensable teleprompters, well concealed from his nationwide TV audience. Increasingly hoarse as he neared the end, he seemed to welcomo the 25 interruptions for applause that allowed him to draw breath.

Gone was the ebullient, theatrical style of last year, in which, as a final showbiz flourish, be introduced the nation to the "hero of the Potomac," the young government employee who had dived into the icy river to save e victim of the dramatic Air Florida aircraft crash just two weeks before.

Mr Reagan's speech was billed in advance as "tho toughest selling job of his political career," and he seemed well eware of the challenge. It was e far cry from the undiluted optimism of 12 months ago, when he confidently predicted that everything would be better "in the near future." Instead, Mr Reagan chose realism and conciliation as his themes.

Admitting the seriousness of the nation's economic troubles, he called for bipartisan solutions to restore growth and full escalating budget deficits that esclating budget deficits that have shocked Republicans and Democrats alike.

It was e tacit admission that he can no longer count on tha virtually unshakeable sway he held over Congress last year—a point drummed home by the Democrats' gains in the mid-term elections two months ago.

Most symbolic of the new Ronald Reagan was the one line that brought his entire audience to its feet. "We who are in government," he said, "must take the lead in restoring the economy." Significantly, it was the Democrats who led the standing ovation—to underline to the television audience the major new departure they took this to show in the president's policies.

Mr Tip O'Neill, tho Democratic Speaker of the House and unofficial leader of the Opposition, was quick off the mark the moment the speech was over. He called Mr Reagan's statement an "historical, political reversal" in Republican philosophy. In his 1981 inaugural address, Mr O'Neill recalled, Mr Reagan had struck his free market, private enterprise theme by declaring "Government is not the solution to our problem. Government is the problem." They were words the Democrats have never forgotten.

Yesterday many Democrats, including Mr O'Neill, welcomed the conciliatory tone of tho speech, if not its substance. Much of what Mr Reagan had to offer was an ootline programme with the details still to be filled in, both in next week's budget and in proposals to Congress in the months ahead.

At least with his economic and budgetary programme, however, he has now opened the door to congressional bargaining both with his Democratic opponents and those Republicans who do not entirely agree with his proposals. If there is to be the kind of bipartisan approach that Mr Reagan now so strongly favours the Democrats will demand their own input.

REAGAN: government must take lead in restoring economy.

Mr Reagan wants to model the new approach on the social security compromise reached earlier this month by a bipartisan commission in which both Democrats and Republicans had to accept concessions they found hard to swallow. The same will apply if the new spirit of conciliation that Mr Reagan is calling for is to be successful.

Democrats were already making it clear yesterday that part of the price they will try to extract for any kind of freeze on federal spending, as proposed by Mr Reagan, will be much steeper cuts in the defence budget.

Now that Mr Reagan has given them the thin end of the wedge with his plan for "contingency taxes from October 1985, the Democrats will almost certainly launch their own alternative tax proposals.

Although Mr Reagan specifically rejected postponement of the final 10 per cent instalment of his original three-year tax-cutting programme, due on July 1, the Democrats are unlikely to treat his words as the final say on the matter.

The White House admits that Mr Reagan's defence spending cuts, which still translate into a substantial real increase next year, will be pretty difficult to maintain in Congress—as will the hypothetical contingency tax plan. Even Republican leaders doubt that either of the two can survive in their present form.

The Democrats, criticised in the opinion polls for failing to come up with their own counter proposals, have at least got something to get their teeth into now.

Their immediate response on Tuesday night was to broadcast their own State of the Union message, immediately following Mr Reagan's, in which a string of "ordinary Americans" and political leaders bewailed the nation's fate under Reaganomics.

Soma of the points made were remarkably similar to Mr Reagan's. The Democrats followed Mr Reagan in stressing that the economy is in a difficult state of "transition" and even used the same statistics on the number of engineers turned out by Japanese universities.

The main Democratic emphasis, however, was on their own admittedly vague plans for tax reform, controlled federal spending and lower interest rates.

Mr Reagan would not find much to disagree with in those general objectives. The question is whether he has come far enough to make bipartisan agreements possible. The unemployed the blacks and the poor, mainstays of the Democratss natural constituency, found little to reflect their own circumstances in Mr Reagan's address.

But the Republicans at least are now fairly confident that Mr Reagan's economic and budget programme will not fall totally flat on its face when it reaches Congress or, as tha White House puts it, it should not be DOA — "dead on arrival."

Principal highlights of President's address

THE MAIN points of President Reagan's State of the Union address to Congress were:

● **SOCIAL SECURITY:** Passage by Easter of a $168bn, seven-year, bipartisan plan to save the social security system by increasing taxes and reducing benefits.

● **BUDGET:** Four-point plant to reduce deficits, including comprehensive federal spending freeze, control of automatic spending programmes such as food stamps, $55bn in defence savings over five years and "standby" taxes to raise $40bn to $50bn a year from October 1985 if budget deficits are still too high.

● **JOBS:** New measures to help the "long-term unemployed" and young people, extension of unemployment benefits, incentives to employers to hire the structurally unemployed.

● **TRADE:** A "broader strategy" to open tho trading system and make it fairer to U.S. farmers and workers. The provision of adequate export financing. An increase in guarantee authority for the U.S. Export-Import Bank, and a programme to modernise the nation's ports.

● **DOMESTIC MEASURES:** A plan to revitalise the education system. Reintroduction of a constitutional amendment to permit voluntary school prayer. Elimination of "all traces of unjust discrimination against women." Fresh efforts to promote civil rights. A major drive against organised crime and drug trafficking.

● **FARMERS:** A campaign to restore "health and vitality to rural America" through innovations like the payment-in-kind "crop swap" approach and "an aggressive export policy."

● **PRIVATE SECTOR:** Further mobilisation of the privato sector through the Administration's task force.

● **HEALTH CARE:** Steps to curb the "sky-rocketing" cost of health care and a plan to provide "catastrophic illness" insurance coverage for the elderly.

● **FEDERALISM:** Details to follow on a toned-down version of last year's New Federalism initiative.

● **TECHNOLOGY:** A commitment to "keep America tha technological leader of the world . . . into the 21st century."

● **DEFENCE:** Pursuit of Mr Reagan's defence programme, including new efforts to agree the production and basing of the MX missile with Congress.

● **FOREIGN POLICY:** A bipartisan drive to reduce arms levels around the world, implement Mr Reagan's Middle East peace programme and his Caribbean Basin initiative, and provide security and economic assistance to Latin America and other world areas.

● **SOVIET UNION:** The U.S. is prepared for "a positive change in Soviet-U.S. relations." But Moscow must show e sincere commitment to respect the rights and sovereignty of nations "by deeds as well as words." Pursuit of verifiable arms control agreements with Moscow, leading to an equal balance of forces at significantly lower levels.

Anatoliy Dobrynin, Soviet ambassador to the U.S. (top), listens to President Reagan's State of the Union address to Congress with Senator Warren Rudman.

Concessions unlikely to satisfy Congress

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT Ronald Reagan's attitudes to economic policy have changed dramatically since his confident and effusive inaugural address to the nation two years ago. But although the shift was hailed as "a fundamental change" by some Republican leaders, it is probably too little and too late.

Initial reactions in Congress to this year's State of the Union message suggest the President may become little more than a bystander in the economic debates of the coming years. While he has conceded that it is time to adjust the course he charted two years ago, the changes he proposes may not go far enough to satisfy even his friends on Capitol Hill.

Thus, while the President is now facing in the same direction as the majority of politicians and economists who have been urging him to change his course, he is only following the consensus, or at best, trying to lead from behind.

To put himself ahead of his critics be would bave had to propose a much more ambitious programme of fiscal retrenchment than the plan to reduce deficits from over $200bn this year to $117bn in 1988. That, in turn, would bave meant far sharper cuts in his arms build-up and his tax reduction plans.

By conceding on these two principles but limiting his concessions to token reductions in arms and half-hearted calls for higher taxes, Mr Reagan may end up with the worst of both worlds — a loss of political authority without any gain in credibility over economic policy.

At best, the Republicans see Mr Reagan's budget plans as "the opening bid" in a lengthy bargaining process which will eventually force him to sacrifice more of his cherished fiscal goals.

For the Democrats, the President's repeated calls for "bi-partisanship" on the economy are an invitation to push their traditional policies on Government intervention, job creation, social spending, and economic demand management back to the centre of the political stage.

With luck, what "bipartisanship" may mean in the coming months will be an early congressional alternative to the budget which President Reagan outlined on Tuesday, and which will be presented in full next week.

In particular, two of the proposals mentioned in his State of the Union speech will come under immediate attack and could give way to alternative measures from Congress.

These are the "standby" tax increases, which President Reagan wants the Congress to legislate, but which will automatically cancel [illegible] budget deficits from [illegible] 1985 onwards turn out to be lower than expected. This proposal has been dismissed by leaders of both the Republican and Democratic parties, partly because it ties the hands of a future Congress and President without doing anything to address the immediate budget problem.

A deeper reason for the almost universal opposition, however, may be that the "standby" tax increases are so small—about $50bn annually—that the President will be unable to reduce deficits to what most Congressmen would regard as a reasonable level.

Thus, by proposing such limited tax measures, the President [illegible] forfeited the [illegible] have [illegible] a [illegible] budget by [illegible]

The second area in which the President's budget plans are bound to be challenged is military spending. His proposal to "freeze" total government spending in real terms is widely supported in both parties. But the idea that an overall freeze should allow defence spending to grow by 9 per cent in real terms while the non-defence budget shrinks by e real 3 per cent is unacceptable even to the most conservative Republicans.

A third economic issue on which the President is likely to find himself outflanked by the Congress was notable by its absence from the State of tho Union address. This is job creation.

Like military spending cuts, job creation is an issue which many conservative Republicans have recently embraced in spite of their natural instincts.

The highway construction programme instituted late last year could well be followed by other congressional initiatives, many of which may eventually be vetoed by the President but which will cause much political controversy and uncertainty.

The President may also face serious economic problems on international economic issues. With the trade deficit growing, it is by no means certain that he will be able to restrain the protectionist sentiment in the Congress with his proposals for increased funding of the Export-Import Bank and improvements in agricultural subsidy programmes.

In addition, his call for increased contributions to the International Monetary Fund is likely to run into opposition.

At best it will be tied to additional measures to stimulate the domestic economy by the President's opponents in Congress. They believe that he will not veto a Bill for IMF funding and could therefore use it to push other schemes which Mr Reagan might find unacceptable.

BUDGET DEFICIT FORECASTS
(In $bn—fiscal years begin October of previous year)

	1984	1985	1986	1987	1988
Baseline deficit with no policy changes	231	253	271	292	300
Savings to be proposed in 1984 budget	43	59	123	150	184
Contribution of "standby" tax increases to proposed savings	0	0	50	50	50
Deficit outlook with proposed savings	189	194	148	142	117

Moscow has left Havana floundering, writes Hugh O'Shaughnessy

Cuba puts a brave face on debt

A RECENT issue of the Cuban Communist Party newspaper, Granma, featured two articles alongside each other. Their juxtaposition is revealing.

The first was an account of the speech by Vice-President Raúl Castro, the leader's brother, at the celebrations in Moscow of tho 60th anniversary of the founding of the Soviet Union.

"The Cuban Revolution," be said, "has followed a clean and straight path, a luminous path, and will continue to do so no matter what. One of the pillars in making that possible consists in the ties of fraternity and solidarity that will always unite Cuba and the Soviet Union."

Inspite of the mixed metaphor, the message was clear. Moscow's friendship has been vital to the Castro Government and Havana wants it to contince.

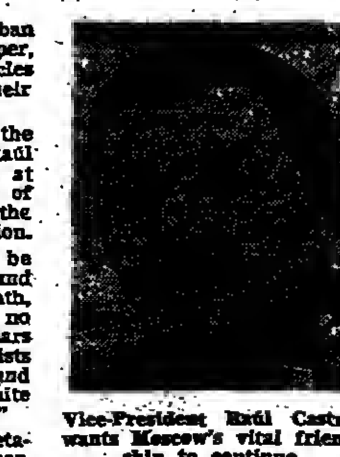
Beside Vice-President Castro's speech Granma ran a large picture of Mr Yuri Andropov, the Soviet leader, with an articlo in which he announced: "We will never allow our security and that of our allies to be threatened."

Mr Andropov's unequivocal warning that Washington must continue to keep its hands off Cuba was doubtless music to the ears of the Cuban Government.

But Havana's need to emphasise the closeness of its ties with Moscow — as exemplified in Granma — only highlights how vulnerable those ties have become.

In ona important area, the Soviets hava left the Cubans floundering. Moscow has made it very clear that it is not going to advance the islands the money they need to pay their overdue debts to foreign banks.

Five months after the National Bank in Havana announced to its creditors that it wanted more time to pay the 1,057.3m pesos (£779m) which fall due between the beginning of last September and the end of 1985, there is no firm signal that the Western banks will agree to the general conditions the Cubans sought.



Vice-President Raúl Castro: wants Moscow's vital friendship to continue.

Nor, on the other hand, is there any sign that the Soviets are any more willing than they once were to bail the Cubans out and increase the subsidy that has been worth many billions of dollars to Cuba over the years.

A succession of meetings of Western bankers and Cuban officials have highlighted the fact that the Cuban idea of paying due debts over e 10-year period including a three-year grace period is being stolidly opposed.

In the meantime, the National Bank has halted repayments of principal since last September. With Cuba's reserves down to around 110m pesos (£85m) at the end of last August, it probably did not have much alternative.

The bankers' disinclination to help Cuba stems from a number of strategic considerations. If Cuba were granted 10-year terms, half the rest of the Third World might seek similar treatment, they argue.

In addition, Cuba has not lived up to the undertaking given last year to release the regular flows of information on its economy which the bankers seek.

Washington has shown no great enthusiasm for Western banks to give the Cubans a helping hand, in spite of the fact that U.S. regulations have for years precluded U.S. banks from lending to Cuba. And Western bankers feel there are cases more deserving of their attention than a country which is unremittingly pro-Soviet in its attitudes, yet whose debt is not large enough to present a threat to the Western financial system.

The continuing impasse over Cuba's debt is forcing Havana to cut back on its imports of Western goods as the money to buy them has dried up.

Western banks' unwillingness to give Cuba more credit is compounding the problems the island's economy faces from continuing low prices in Western markets for sugar, Cuba's principal export.

The National Bank, in its presentation to bankers last year, showed that sugar prices, as measured in U.S. dollars at a constant 1954 value, had dropped from 3.28 U.S. cents a pound in 1971 to only 1.92 U.S. cents at tho end of last August.

The result is that this year, hard currency imports which in 1975 represented 49 per cent of the island's total imports, will this year amount to only 14 per cent, with the rest being paid for in non-convertible currencies, such as roubles and Cuban pesos.

In spite of such economic constraints, President Fidel Castro is not aiming to relinquish his political ambitions to play a world rola, as his brother made clear last month in Moscow.

Cuba continues to be e solace to revolutionary forces straining to overthrow corrupt dictatorial regimes in Central America—though the Cuban role in the isthmus is often widely exaggerated by anti-Communist propaganda from Washington.

Cuba maintains its friendship with radical Arabs in general and parts of the Palestine Liberation Organisation in particular.

Cuban forces are being maintained in Angola—though their costs are doubtless defrayed by Moscow and the Luanda Government. President Castro has even sent a party to plant a Cuban flag in Antartica.

Today, as in the past, lack of money is clearly not cramping the style of the irrepressible Castro Government.

ENJOY A MONTHLY INCOME FROM NATIONAL SAVINGS– WITHOUT TOUCHING YOUR CAPITAL.

Suppose you have £5,000 or more to invest. You want to keep your capital intact. At the same time, you could do with something extra – to spend, top up your earnings or pension.

This is exactly what National Savings Income Bonds are for. They give you a regular income every month, without drawing on your capital.

Always good interest

Currently, the interest rate is 11½% p.a., earned on a day to day basis. It will vary from time to time, to keep it competitive. Here is the monthly income you can get today at various levels of investment.

Investment	Average Monthly Income
£5,000	£47.91
£25,000	£239.58
£60,000	£575.00

(Each additional £1,000 invested produces £9.58 a month—£115 a year.)

You can have the income paid directly into your bank account, or sent to you by post.

Up to £200,000

You can buy Income Bonds in multiples of £1,000. The minimum holding is £5,000 and the maximum £200,000.

Income Bonds can be a valuable source of income to trusts, registered companies, charities, friendly societies, clubs, &c.

Spend capital to get extra income? It's like pulling up a rosebush just to have a few flowers indoors!

NATIONAL SAVINGS

INCOME BONDS

Interest paid in full

Interest is taxable, but tax is not deducted at source.

This is beneficial to organisations and individuals who do not have to pay tax – including children whose money is held in trust.

Repayment

You will receive the full rate of interest up to the date of repayment, if you give six months' notice and the Bonds have been held for a year or more at the time repayment is made.

For details of the terms for cashing in at three months' notice, and for cashing in during the first year, see paragraph 6 of the prospectus which is published in full below.

Buy Bonds here and now

Fill in the coupon and send it with your cheque (payable to 'National Savings,' crossed 'A/C Payee') to NSIB, Bonds and Stock Office, Blackpool, Lancs, FY3 9YP.

Or you can get the prospectus/application form, plus pre-paid addressed envelope, at your post office.

PROSPECTUS

1 The Director of Savings is authorised by the Lords Commissioners of Her Majesty's Treasury to receive until further notice applications for National Savings Income Bonds ("Bonds").

2 The Bonds are a Government security, issued under the National Loans Act 1968. They are registered in the National Savings Stock Register and are subject to the Regulations relating to the National Savings Stock Register for the time being in force, so far as these are applicable. The principal of and interest on the Bonds will be a charge on the National Loans Fund.

PURCHASE

3.1 Subject to a minimum initial purchase of £5,000 (see paragraph 4.1) a Bond may be purchased for £1,000 or a multiple of that sum. Payment in full must be made at the time of application. The date of purchase will for all purposes be the date of receipt of the remittance, with a completed application form, at the Bonds and Stock Office, Blackpool, or such other place as the Director of Savings may specify.

3.2 An investment certificate bearing the date of purchase, will be issued in respect of each purchase.

HOLDING LIMITS

4.1 No person may hold, either solely or jointly with any other person, less than £5,000 or more than £200,000 of Bonds. Bonds inherited from a deceased holder will not count towards this permitted maximum. Furthermore, Bonds held by a person as trustee will not count towards the maximum which he is permitted to hold in his personal capacity, nor will Bonds held in trust count towards the permitted maximum of a beneficiary's personal holding.

4.2 The Treasury may vary the maximum and minimum holding limits from time to time, upon giving notice. No such variation will prejudice any right under the prospectus enjoyed by a Bondholder immediately before the variation in respect of a Bond then held by him.

INTEREST

5.1 Interest will be calculated on a day to day basis from the date of purchase at a rate determined by the Treasury ("the Treasury rate").

5.2 Interest will be payable on the 5th day of each month. The Director of Savings may defer payments of accrued interest otherwise due in respect of a Bond within the period of six weeks following the date of purchase until the next interest date following the end of that period.

5.3 If on repayment the Bond has, by reason of paragraph 6.1, earned less interest than the total already paid in respect of the Bond under paragraph 5.2 the balance will be deducted from the sum to be repaid. Any interest so earned on the Bond and not already paid before repayment will be added to the sum to be repaid. If, in the case of repayment under paragraph 6.2 it is not reasonably practicable to stop an interest payment from being made after the repayment date the amount of that interest payment will be deducted from the sum to be repaid.

5.4 The Treasury may from time to time vary the Treasury rate upon giving six weeks' notice.

5.5 The Treasury may from time to time vary the intervals at and dates on which interest is payable, upon giving notice, and in so doing may specify holding limits above or below which any variation will apply. No variation will apply to a Bond issued before the variation unless the Bondholder agrees to such application.

5.6 Interest on a Bond registered in the sole name of a minor under seven years of age will normally be paid into a National Savings Bank account in the name of the minor.

5.7 Interest on a Bond will be paid without deduction of Income Tax, but it is subject to Income Tax and must be included in any return of income made to the Inland Revenue.

REPAYMENT

6.1 A Bondholder may obtain repayment of a Bond at par before redemption upon giving either three or six calendar months' notice. The amount of interest earned by the Bond from the date of purchase until repayment will be determined by the period of notice given by the Bondholder and by whether or not repayment takes place before the first anniversary of purchase.

	3 months' notice of repayment	6 months' notice of repayment
Repayment before the first anniversary of purchase	No interest in respect of any period	Interest at half the Treasury rate from the date of purchase to the date of repayment
Repayment on or after the first anniversary of purchase	Interest at the Treasury rate from the date of purchase to the date the notice of repayment is received at the Bonds and Stock Office	Interest at the Treasury rate from the date of purchase to the date of repayment

6.2 Where an application for repayment of a Bond is made after the death of the sole or sole surviving registered holder no fixed period of notice is required and the Bond will earn interest at the Treasury rate from the date of purchase up to the date of repayment, whether or not repayment occurs before the first anniversary of the purchase.

6.3 Any application for repayment of a Bond must be made in writing to the Bonds and Stock Office, Blackpool and accompanied by the investment certificate. The period of notice given by the Bondholder will be calculated from the date on which the application is received in the Bonds and Stock Office.

6.4 Application may be made for repayment of part of a Bond in an amount of £1,000 or a multiple of that sum provided that the holding of Bonds remaining after the part repayment will still fall within the minimum holding limit imposed by paragraph 4.1 as varied from time to time under paragraph 4.2. The preceding sub-paragraphs will apply to the part repaid as to a whole Bond; the remaining balance will have the same date of purchase and the same interest dates as were applicable to the original Bond immediately prior to repayment.

PAYMENTS

7 Interest will be payable direct to a National Savings Bank or other bank account or by crossed warrant sent by post. Capital will be repayable direct to a National Savings Bank account or by crossed warrant sent by post.

MINORS

8. A Bond held by a minor under the age of seven years, either solely or jointly with any other person, will not be repayable except with the consent of the Director of Savings.

TRANSFER

9. Bonds will not be transferable except with the consent of the Director of Savings. Transfer of a Bond or part of a Bond will only be allowed in an amount of £1,000 or multiple of that sum and will not be allowed if the holding of the transferor or transferee would thereby be outside the holding limits imposed by paragraph 4.1 as varied from time to time under paragraph 4.2. The Director of Savings will normally give consent in the case of, for example, devolution of Bonds on the death of a holder but not to any proposed transfer which is by way of sale or for any consideration.

NOTICE

10. The Treasury will give any notice required under paragraph 4.2, 5.4, 5.5 or 11 of the prospectus in the London, Edinburgh and Belfast Gazettes or in any other manner which they think fit. If notice is given otherwise than in the Gazettes it will as soon as is reasonably possible thereafter be recorded in them.

GUARANTEED LIFE OF BONDS

11 Each Bond may be held for a guaranteed minimum period of 10 years from the first interest date after the date of purchase. Thereafter interest will continue to be payable under the terms of the prospectus until the redemption of the Bond. The Bond will be redeemed at par either at the end of the guaranteed minimum period or on any interest date thereafter, in either case upon the giving of six months' notice by the Treasury. The Director of Savings will write to the Bondholder before redemption, at the last recorded address for his Bondholding, informing him of the date of redemption notified by the Treasury.

APPLICATION FOR NATIONAL SAVINGS INCOME BOND

To the Controller, NSIB, Bonds and Stock Office, Blackpool, Lancs FY3 9YP.

BLOCK LETTERS PLEASE

1. I/We accept the terms of the Prospectus and apply for a Bond to the value of:- £ ______ ,000 — Initial minimum of £5,000 and multiples of £1,000 to a maximum of £200,000

2. Surname(s) — Full Christian name(s) or forename(s) — Mr/Mrs/Miss

   Address (including postcode)

   Name of Trust (if applicable) — Date of Birth (if under 7) Day Month Year

3. NAME AND ADDRESS FOR DESPATCH OF INVESTMENT CERTIFICATE (if different from above).

   Name

   Address

4. DIVIDENDS TO BE PAID BY CREDIT TO:- (If not to a National Savings Bank or other bank account, enter name and address to which dividend warrants should be sent)

   Bank

   Address

   A/c Name(s) — A/c No

FT2

5. Signature(s) — Date ______ 19 ____

OVERSEAS AND WORLD TRADE NEWS

Singapore's expulsion of a U.S. journalist points to wider problems, writes **Kathryn Davies**

Western press dissatisfies Asean countries

SINGAPORE'S decision revealed yesterday to expel the correspondent of the weekly Hong Kong-based magazine Far Eastern Economic Review, Mr Patrick Smith, has surprised some Singaporeans who detected a recent willingness on the part of Mr Lee Kuan Yew, the Prime Minister, to broaden political debate in the tightly-controlled city-state.

Mr Smith, a 33-year-old American, who previously worked for the New York Times, had been writing on Singapore for the Review for 18 months. His employment pass will not be renewed when it expires at the end of February.

This expulsion has a wider significance. It is a symptom of the growing dissatisfaction of countries in the Association of South East Asian Nations (Asean)—Indonesia, the Philippines, Thailand, Malaysia, and Singapore—at what they perceive to be unfair coverage by the Western media.

Earlier this week, Tengku Razaleigh Hamzah, Malaysia's Finance Minister, re-echoed a common theme when he complained publicly that reports by the Western Press of "inconsistencies" within Asean had damaged the business and investment climate in the region.

The news that Mr Smith had been asked to leave Singapore was revealed by Mr Derek Davies, editor of the Review, who commented that this was neither an intelligent nor a rational act.

Mr Davies added that while Mr Smith "may have made the odd error of fact or judgment . . . no rational person could point to a bias" in his reporting.

This latest row with the Review also coincides almost exactly with the 20th anniversary of what was called "operation cold store," which set the seal on Mr Lee's tough political style.

On February 2, 1963, more than 100 of his political opponents, including trade unionists and academics, were rounded up and detained under Singapore's Internal Security Act which permits imprisonment without trial. Some were held for the next 16 years allegedly for Communist sympathies.

Recently, however, in an apparent sign that Mr Lee was becoming more politically tolerant, some of the longest-serving prisoners were quietly released without having to make the obligatory confession of Communist activities.

Furthermore, in a speech to the ruling People's Action Party, released just before Christmas, Mr Lee said that unspecified measures would be taken to introduce an "intelligent" and "constructive" opposition into parliament to give his designated successors a chance to practise politics.

These developments, taken together with Singapore's avowed determination to turn itself into an international information centre, led many observers to conclude that Mr Lee had become confident enough to tolerate at least a measure of dissent in Singapore.

However, the action taken against Mr Smith makes it clear that the dividing line between an officially tolerated opposition and a genuinely independent critical voice is very wide indeed.

The undoubted economic progress made by the non-Communist countries of South East Asia has not, in fact, been matched by significant political liberalisation.

Malaysia and Singapore, for example, both retain the parliamentary style of government inherited from British colonial days, but have substantially modified the democratic process—not least by controlling the media—to ensure that a strong central government stays in power.

The Review is widely respected for its coverage of South East Asia and is read by diplomats, bankers, and businessmen as well as the leading politicians it is most likely to offend.

Perhaps as a result, this is not the first time that the magazine has fallen foul of Mr Lee. In 1977 two Singaporean journalists associated with the Review—one its former correspondent who was then writing for the Financial Times and the Economist, the other the Review's current correspondent—were accused by the Government of promoting Communism and, in one case, of damaging Singapore's relations with Malaysia.

After intensive questioning by Singapore's internal security department, both men made lengthy public recantations and thereby ended their serious journalistic careers.

Like other foreign journalists based in Singapore, Mr Smith has been reflecting in his reports the fact that the election in October 1981 of one opposition MP to Singapore's single-chamber parliament has dramatically altered the political climate in the republic.

However, the presence of a single opposition MP in parliament has not so far had the effect once predicted by a Cabinet Minister of provoking a fall in foreign investment. On the contrary, bankers and businessmen still clearly believe that Singapore is a stable political base from which to conduct business in South East Asia.

It therefore remains something of a mystery why Mr Lee should feel so threatened by critical reports of Singapore's parochial domestic political scene as to take such drastic action.

Lee Kuan Yew . . . seemed willing to broaden political debate.

Taiwan to oppose Peking's bid to join Asian bank

BY EMILIA TAGAZA IN MANILA

A POTENTIAL confrontation between China and the U.S. as well as other countries which support Taiwan, is emerging in the wake of China's declared intention to seek membership of the Asian Development Bank (ADB).

A senior official from Taiwan arrived in Manila this week to discuss with ADB officials the implications of China's proposed application. Taiwan is now likely to lobby hard in Washington to maintain its membership of the bank, of which it is a founder member.

No formal application from Peking has yet been received by the Manila-based bank, but Taiwanese officials said that Taipei will invoke the Taiwan Relations Act in the U.S. to prevent any move by China to expel it from the ADB.

The act, passed when the U.S. severed diplomatic ties with Taiwan to clear the way to establish relations with Peking, provides that Washington will help prevent moves to oust Taiwan from international organisations.

The move comes at a particularly embarrassing time for the U.S. because Mr George Shultz, the Secretary of State, is due in Peking next week in an effort to improve relations with China after a row last year over the sale of U.S. arms to Taiwan.

The ADB is controlled by a board of governors, who represent each of the bank's 45 members. Between them, the U.S. and Japan hold more than 13 per cent of the institution's shares.

China has been approaching the embassies in Peking of ADB member nations, rallying support for its application and hoping to get favourable results by the time the bank holds its annual board meeting in May.

U.S. denies allegations on guerrillas in Beirut

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE U.S. yesterday denied Israeli charges that U.S. marines in Beirut were allowing Palestinian guerrillas to operate from behind their lines against Israeli forces in the city. There was "no substance" to allegations that the marines were giving "support or sanctuary" to Palestinian fighters, the State Department said.

U.S. officials said that France and Italy, the two other participants in the multinational surveillance force, had agreed in principle that the force should be enlarged "should the need arise." The U.S. felt, however, that there was no need for further troops to fulfil the force's current mission of policing Beirut.

The American statement came as Mr Philip Habib, President Ronald Reagan's Special Middle East envoy, conferred with Mr George Shultz, the Secretary of State, on possible steps to break the deadlock in the Israeli-Lebanese negotiations.

For the time being, however, U.S. officials had no major new approach to offer, other than to press forward with Mr Habib's efforts to mediate in the negotiations.

Officials also made it clear that the Reagan Administration will strongly urge President Hosni Mubarak of Egypt to do his best to improve Egyptian-Israeli relations in Washington talks later this week. Relations between the two countries have deteriorated in the months since Israel invaded the Lebanon – to the extent that Israeli officials have accused the Egyptians of allowing major provisions of the Camp David accords to "wither."

India cuts crude oil imports

BY K. K. SHARMA IN NEW DELHI

INDIA cut its crude oil imports by 1m tonnes in 1982 when consumption of petroleum products rose by 10 per cent and expects the imports to fall further by at least another 2m tonnes in 1983 when these are likely to be limited to 12.5m tonnes.

The fall in oil imports could lead to a saving of Rs 4.6bn (£295m) in foreign exchange and help to reduce the wide trade gap.

The savings are part of the "structural adjustments" in the economy which the Government has undertaken to make during the three-year $5bn loan from the International Monetary Fund.

The reduced imports are the result of the rapidly-increasing production of oil from the offshore Bombay High oilfield, which reached a record 12.5m tonnes in 1982, and is expected to increase to 16m tonnes by 1985.

The total estimated production of crude in 1983 from offshore and onshore oilfields is 25m tonnes. The present capacity of refineries in India is 34m tonnes while another 4m tonnes of petroleum products are imported.

For this year, the Government has firmed up contracts for imports of 12.1m tonnes from Saudi Arabia, Iraq, Iran, the Soviet Union, Nigeria and the United Arab Emirates.

The government has made massive investments in the oil exploration and production programme in the past two years by diverting resources.

● Another major Japanese breakthrough in investment in India has been made by NGK Industries of Japan, which has signed a five-year technological collaboration agreement with the government-owned Bharat Heavy Electricals (BHEL) for the manufacture of insulators for the Indian power equipment industry.

Under the agreement, NGK Industries will help to upgrade the technology in BHEL's plant at Bangalore, Karnataka state, and establish a plant to manufacture insulators in Uttar Pradesh.

BHEL will pay NGK Industries Rs 20m in the first three years and import equipment worth another Rs 30m. BHEL will pay 5 per cent of sales as royalty for the new products manufactured under licence.

At present, NGK Industries exports nearly $200m worth of insulators to India annually. India needs nearly 50,000 tonnes of insulators by 1985 and hopes to manufacture about one-third of this with the help of NGK Industries.

Tanaka could face maximum sentence in Lockheed case

BY CHARLES SMITH IN TOKYO

PROSECUTORS in the long-running Lockheed bribery case made Japanese legal history yesterday when they demanded the maximum sentence of five years' imprisonment for the key defendant in the case, former Prime Minister Kakuei Tanaka.

Mr Tanaka is accused of accepting 500m Yen (£1.34m) from Lockheed Aircraft Corporation to promote the sales of TriStar airliners to a Japanese company. If he is found guilty when the court delivers its verdict this autumn, the result could well change the face of Japanese politics.

Mr Tanaka was one of four men allegedly involved in payoffs through the so-called "Marubeni route." The others on whom sentences were yesterday demanded were Mr Hiro Hiyama, a former chairman of Marubeni Corporation—the company which acted as Lockheed's agent in Japan—and two ex-directors of the same company.

The court also demanded a prison term for Mr Tanaka's former secretary, Mr Toshio Enomoto, who is accused of having directly received the bribe money before handing it over to his employer.

The Lockheed case has taken six years to reach this point and has already produced one set of guilty verdicts—on the men involved in transmitting bribes from Lockheed to Japan. Yesterday's prosecution demand, however, represents the most important milestone in the case.

It seems almost certain to unleash demands from opposition parties for the resignation of Mr Tanaka from the Diet—even though technically there has been no change in his status as a defendant.

Mr Tanaka resigned from the ruling Liberal Democratic Party when the Lockheed hearings started and sits in the Diet as an independent. His de facto position, however, is that of leader of the 110-strong largest single faction within the LDP.

Mr Tanaka has been portrayed in the Japanese Press as a kingmaker responsible for the rise to power of the last three LDP presidents and as probably the single most powerful individual in Japanese politics today.

His influence over the present (Nakasone) cabinet is apparent from the fact that no fewer than six Cabinet posts are held by Tanaka faction members, including the crucially important position of Chief Cabinet Secretary.

The Minister of Justice, whose job could give him a direct say in the handling of the Lockheed case, is not a member of the Tanaka faction, but is said to be "on good terms" with the former prime minister.

Japanese newspapers have been full of speculation that the Government might use its so-called "right of comand" to quash proceedings against Mr Tanaka, or that he might be granted amnesty.

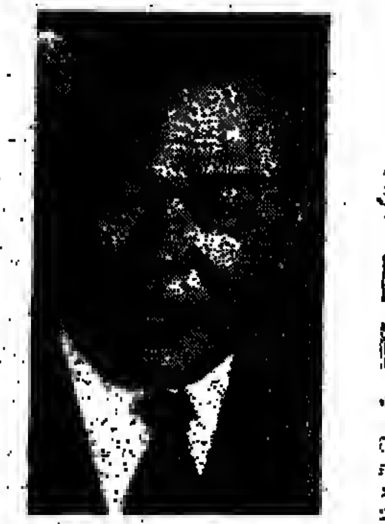
The "right of command" was used in 1954 to stop bribery proceedings against two senior LDP members, both of whom subsequently went on to become prime minister.

It has not been used since then in a case involving prominent politicians, and it seems unlikely that a present-day Japanese cabinet would want to face the condemnation that such a move would provoke from the opposition parties and the public.

The Secretary-General of the LDP, Mr Susumu Nikaido, himself a Tanaka right-hand man, was extremely non-committal when asked yesterday how the Government would react to demands from the opposition for the "sacking" of Mr Tanaka from the Diet.

The LDP faces a probable double election this summer and will presumably aim to keep Mr Tanaka's name out of the headlines during the next few months.

Dumping Mr Tanaka is almost certainly out of the question, given his current enormous influence.



Tanaka . . . key defendant

Soviet Union 'reinforces' Pacific Fleet

TOKYO – The Soviet Union reinforced its Pacific Fleet with new warships and more Backfire Bombers last year in an attempt to make the Sea of Okhotsk a Soviet "sanctuary," officials of Japan's Defence Agency said yesterday.

The officials said nine cruisers, missile destroyers and other warships totalling about 28,000 tons were confirmed as newly deployed in the Soviet Pacific fleet last year.

In addition to the warships, the assignment of Backfire Bombers to bases in the region is being accelerated and an increasing number of "Delta III" class missile submarines prowl regional waters to bolster Soviet nuclear strength in Northeast Asia, they said.

The officials also said stepped-up Soviet patrol operations around the Kamchatka Peninsula and Kurile Islands indicate the Soviet Union is trying to make the Sea of Okhotsk a sanctuary for its fleet.

The agency also said Moscow was trying to stengthen its capacity for long-range operations in the South China Sea and Indian Ocean by assigning its anti-submarine aircraft carrier Minsk to these areas and strengthening its Cam Ranh Bay naval base in Vietnam.

The Japanese Government lodged a strong protest with the Soviet Union on Tuesday over the Soviet military build-up in the Far East, including reported plans to transfer intermediate-range nuclear missiles from Europe to Siberia, within striking distance of Japan.

Mr Toshijiro N[illegible], Deputy Vice Minister for [illegible] Affairs, in an "oral prote[illegible] Ambassador [illegible] that the increas[illegible] ence in t[illegible] and wi[illegible] tension in As[illegible] AP

Namibia ceasefire talks to go ahead in Cape Verde

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA is sending a senior diplomat to the Cape Verde islands off the west coast of Africa for further talks with Angolan officials on the Namibian issue.

Evidence that the pace of negotiations on a settlement in Namibia is quickening has been further reinforced by a meeting in New York yesterday between Dr Brand Fourie, the South African ambassador in Washington, and Mr Javier Perez de Cuellar, the UN Secretary-General.

Mr Perez de Cuellar is due to visit several black African states later this week, also to discuss Namibia.

According to local reports, the meeting on the Cape Verde islands will centre on arrangements for a possible cease-fire on the Namibia-Angola border. It is also expected to lay the groundwork for another round of talks between the two countries at Ministerial level. The South African Foreign Minister, Mr Pik Botha, met a high-level Angolan delegation on the islands last December.

International telephone services from Nigeria were due to be resumed yesterday, according to Lagos radio, but telex links are expected to be out of action for some time, Quentin Peel writes.

The telex exchange was seriously damaged in a fire in the Lagos headquarters of Nigerian External Telecommunications on Monday, and, although the telephone exchange was not damaged, the link from the exchange to the earth relay station for satellite traffic was broken. The international operator in London was still refusing to take bookings for Nigeria yesterday, however.

Meanwhile, the South African Prime Minister, Mr P. W. Botha, announced yesterday that a commodore in the South African navy and his wife have been detained on suspicion of spying for the Soviet Union.

The officer was stationed at the Simonstown dockyard, South Africa's main naval base.

Gandhi drops minister as party shake-up begins

BY K. K. SHARMA IN NEW DELHI

MRS INDIRA GANDHI, the Indian Prime Minister, yesterday started trying to improve the image of her battered Congress (I) Party when Mr Sitaram Kesri, her Minister for Shipping and Transport, resigned from the Cabinet to "devote" himself to party work.

The "cleansing" of Mrs Gandhi's Government, which Mr Kesri's resignation heralds follows the humiliating defeat suffered by the party this month in elections in two southern states, Andhra and Karnataka.

Since the defeat, Mrs Gandhi has maintained a stony silence about the reasons for it and has been considering ways to improve the image of her Government and party, which have a reputation in some quarters of being filled with dead wood.

Mr Kesri is known to have been forced by Mrs Gandhi to resign. A number of other ministers in her Government are expected to be displaced before parliament's next session.

The changes in the Indian Cabinet are expected to be followed by others in the governments of many states led by the Congress (I). Dismissals are expected in the next month or so, when federal and state governments, it is widely expected, are likely to be shaken up.

هكذا من الاصل

UK NEWS

Official subsidies to exports attacked as not cost-effective

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE USE of official subsidies to support British capital goods exports is not cost effective, according to e confidential Treasury report under consideration by senior ministers.

The report calls for the Export Credits Guarantee Department (ECGD) to take a much stricter view of the risks it covers. It urges the Governement to negotiate for international export credit guidelines which remain closely aligned to commercial rates of interest.

The general tone of the report – directed at reducing official support for industry – is sharply at variance with recent government policy, which has been to bring political and financial muscle behind capital plant exporters seeking major contracts.

Its findings are likely to be bitterly opposed by industry, which has consistently urged greater official support.

Lord Cockfiel, the Trade Secretary, is marshalling arguemts against the Treasury recommendations. He is expected to tell ministers that unilateral British action against subsidies is pointless if other countries are seeking capital project contracts with concessional finance packages.

The issue will probably be considered by e Cabinet committee, as a culmination to the lively Whitehall debate now taking place.

The writing of the report was dominated by Treasury economists, although there was help from economists in other departments.

They note that the major subsidies support only a small part of British exports. Capital goods account for about 10 per cent of the total.

The subsidies constitute a transfer of resources to the customer, according to the Treasury economists. The transfer has to financed by taxetion and is thus a charge on other companies.

The main element of subsidy for capital plant exporters is an interest rate subsidy, used to bridge the cost of financing their exports at commercial rates of interest and the cost of an export credit to the customer. Expenditure in 1981-82 was £587m.

The Treasury economists want this reduced: the Government should therefore abandon its policy of fixed interest rates for export credits under an OECD (Organisation for Economic Co-operation and Development) agreement and opt for a more flexible system, urged by the U.S., which ties export credit rates to commercial rates.

Lord Matthews resigns from Trafalgar House

BY RAY MAUGHAN

LORD MATTHEWS resigned yesterday as chief executive of Trafalgar House, the construction and shipping group, to devote his attentioo to Fleet Holdings, the publisher of the Daily and Sunday Express newspapers. The resignation ends a 19-year partnership with Mr Nigel Broackes who continues as Trafalgar chairman.

Lord Matthews raised almost £1.6m by selling 1m Trafalgar shares in the market but retains a holding of 341,578 shares.

Lord, theo Mr Victor, Matthews teamed up with Broackes in 1964 and went on to build up a property and building group centred on the Trollope & Colls construction business and the Cementation civil engineering subsidiary. Trafalgar also acquired Cunard Steamship in 1971.

His departure, he explained, was prompted by the pressure of running "the enormous number of companies at Trafalgar.

"I was heading two or trbee board meetings a day at one time," he recalled, "but now I've got Fleet Holdings."

The break will not be entirely final. "I'll do one day a week at Trafalgar, perhaps," he said: "Of course it's a wrench but I'm not walking away from it.

Minister calls for new water ballot

Financial Times reporters

ON THE third day of the national water srike Mr Norman Tebbit, the Employment Secretary, called for a re-ballot or water workers because, he said, a vote to strike in their largest union had been unconstitutional.

Mr Tebbit's call brought an angry response from Mr David Basnett, general secretary of the union concerned, the General, Municipal and Boilermakers' (GMBU). He said Mr Tebbit was "union-bashing" instead of trying to find e solution to the dispute.

The claim by Mr Tebbit followed disclosures by Mr Tim Renton, president of the Conservative Trade Unionists, that only up to 60 per cent of the GMBU's water members voted for the strike. The unions are claiming e 15 per cent pay rise and have been offered 7.3 per cent over 16 months.

The GMBU's rule governing strike action states that there should be no stoppage of work unless two thirds of the members concerned have voted in favour.

Water authorities yesterday reported that consumers were responding to appeals to conserve supplies, as the three-day-old national strike caused further deterioration of water and sewerage services.

The extent of that response, however, appeared patchy. The Thames Water Authoritiy said consumption was by about 10 per cent in those places where it could be measured, but the Severn-Trent Authority appealed for cuts of that amount after failing to achieve them.

By midday the National Water Council said about 9,000 households were without watet supply, compared with 6,000 the day before. This affected 25,000 people.

The numbers of peoble being asked to boil water for cooking and dish wahing was still put at 5m, but small increses in this resported in regions later in the day.

Some sewage was being emitted into the Conway Estuary and the River Wye, but the Welsh Water Authority said it was not causing immediate problems. A similar increase in sewage being discharged into rivers was reported

UK BUSINESS COSTS NEED TO BE CUT

CBI calls for modest reflation

BY MAX WILKINSON, ECONOMICS CORRESPONOENT

Sir Terence Beckett

A MODEST reflation of the UK economy, mainly directed towards increasing competitiveness and reducing business costs, is urged by the Confederation of British Industry, the employers' body, in its submission for the March budget.

The CBI calls for e programme of tax cuts which would be worth £3.4bn in the next financial year in addition to the £900m cost of raising Income tax allowances and thresholds which is already assumed by the Treasury to take place under "unchanged policies."

To offset the cost of these cuts, the CBI believes further economies could be made to Government expenditures worth £600m next year. In addition it estimates that tax cuts would result in e feedback effect worth £800m to the Government as increased economic activity brought in extra revenue.

The CBI estimates that its proposals would add £2.9bn to the 1983/84 Public Sector Borrowing Requirement (PSBR) compared with what it would have been in the absence of budget changes.

On the Treasury's definition of "unchanged policies," however, income tax allowances and thresholds and excise and other specific duties would automatically be raised in line with the December annual rate of inflation (5.4 per cent). Compared with this baseline the CBI's proposals would add £2.6bn to next year's PSBR and £2.2bn to the PSBR for 1984/85, according to CBI estimates.

The CBI believes, however, that in the absence of budget changes next year's PSBR would be about £1.6bn less than the £8bn assumed as the target by the Treasury in its November autumn statement.

The CBI's measures would, therefore, lead to e borrowing requirement of £9bn, only £1bn more than assumed by the Treasury. The confederation estimates that this would represent ebout 3 per cent of national output and says: "We believe that this would be consistent with monetary restraint and, provided that external circumstances permit, with further falls in interest rates, while encouraging e recovery in activity."

In addition to the indexation of income tax allowances and bands, already assumed by the Treasury, the CBI's main recommendations are:

- The abolition of the employers' National Insurance surcharge. As announced in November, this is due to be reduced to 1½ per cent of the payroll in April, although contribution rates paid by employers are to be increased by 0.25 percentage points for employees contracted into the State pension scheme, and 0.65 percentage points for those contracted out.

The CBI says it is perverse to maintain a special tax on jobs which hinders exports and boosts imports et e time of high unemployment.

"This year, with growing real personal disposable incomes expected to boost consumer demand and depressed, world trade likely to hold down exports, the case for giving priority to reducing UK labour costs through abolishing the surcharge is especially strong."

- Excise duties should not be indexed this year. This would help to keep down the Retail Price Index and assist businesses by holding down the price of diesel oil.
- A reduction in the burdeo of business retes (local property taxes). The CBI says business rates have risen substantially faster than prices since 1978/79, and are now large in relation to profits.

Rates are estimated to be the heaviest tax on businesses and to have cost £5.7bn in 1982/83.

The CBI wants the Government to put e ceiling on the percentage rise in rates permissible for businesses, to de-rate businesses by 15 per cent and to reduce rates by half on empty property after a three-month free period.

- An increase in public sector capital investment. The CBI says while current costs have not been successfuly controlled, public sector capital expenditure has fallen about 25 per cent in real terms between 1976/77 and 1981/82.

"We believe there should be e revival in public sector investment, in part to correct the substantial underspending of recent years, but also to improve the standard of our national infrastructure and the efficiency of publicly owned industry."

The increase would be aimed particularly to help the bard-pressed construction industry.

- A reductioo in energy costs. While welcoming the assistance already given to industry and the gas and electricity price freezes already announced for 1983, the CBI soys more needs to be done to give relief to bulk users of electricity and to encourage investment in energy-efficient plant.
- A number of more detailed suggestions are made for tax reform covering capital gains tax, capital transfer tax, corporation tax, development land tax and the treatment of deep discounted bonds.

Io particular the CBI continues to urge that assets held for more than seven years should be exempt from capital gains tax. It also wants a number of reliefs from capital transfer tax particularly as it applies to businesses.

A plan to boost output, profits and jobs

BY OUR ECONOMICS CORRESPONDENT

THE CBI estimates that its proposed expansionary budget would improve the prospects for national output, for profitability, for unemployment and for inflation.

It says: "We believe our proposals would considerably reduce the danger of further widerspread losses of industrial capacity, and rising unemployment with little risk of encouraging inflation."

The CBI believes that without budget changes, the prospects are for only a sluggish recovery of the economy in the present year. Even with the expansion it proposes the central forecasts suggests only modest growth.

As in last year's budget submission, the CBI has presented its forecasts as a range of possible outcomes, from the more "optimistic" to the more "pessimistic."

Under its pessimistic projection national output would fall slightly during this year and next on present policies. Even under the more favourable assumptions of the optimistic forecast on present policies it would take until 1984 for production to recover its level in 1979.

In estimating the effects of its budget proposals the CBI used its own economic model, but checked the calculations using the London Business School's model. It says the results were essentially the same.

The proposals would increase output by two main routes: first increased competitiveness would boost exports and belp to curtail imports, second an overall stimulus would be given to domestic demand. It estimates the reflation would enable output to grow by about 3 per cent to 3½ per cent a year oo optimistic assumptions.

It says the timing and extent of a recovery of the world economy will be an important determinant of whether the more pessimistic or more optimistic assumptions prove correct.

On pessimistic assumptions, the CBI believes that unemployment would continue to rise fairly markedly during the forecast period if policies were unchanged. Its proposals would cause unemployment to fall slightly under a pessimistic picture, but if the economy turned out to be more buoyant, this would enable unemployment to fall markedly from the present 3m to 2½m excluding school leavers.

It is estimated that the CBI's proposals would add about 1 percentage point to companies' real profitability. At the optimistic end of the range of probable forecasts, profitability would rise to about 5 per cent in 1984 oo present policies, compared with the low point of under 3 per cent in 1981.

After the rise, however, profitability would remain very low by historical standards, the CBI says.

The CBI estimates that its proposals would bave a fairly small favourable effect oo the inflatioo rate, because of the reduction in business costs end the oon-indexation of specific duties.

Its central estimate oo unchanged policies is that the annual rate of inflation will rise after the summer, largely because of the ending of recent temporary favourable influences.

These include the fall in seasonal food prices

Datsun increases car prices by 4%

DATSUN UK is raising the prices of its cars by an average of 4 per cent from today. The company blames the falling pound for the move. Sterling has dropped by more than 20 per cent against the yen since last autumn.

Datsun's move is the first of what is expected to be an across-the-board increase by most Japanese and European Continental makers, for the same exchange rate reasons.

Toyota acknowledged last night that its prices are due to go up about 4 per cent next month.

Abbey's assets up

ABBEY NATIONAL Building Society yesterday announced record annual results for 1982 and said it hoped to maintain interest rates at their present level at least until June.

Last year the Abbey lent a record £2.63bn for house purchase and bome improvement and its assets rose by just over 20 per cent to more than £12bn. A surplus of £59m was generated from the society's operations. In 1983 the society was planning to increase mortgage lending to £3bn.

Sunday shops wanted

GROWING public support for changing the law to give shops in England and Wales the freedom to decide whether to open on Sundays was claimed yesterday by Mr Ray Whitney, a Conservative Member of Parliament.

His private Shops Bill, designed to end existing restrictions on Sunday trading, comes before the House of Commons for a second reading on February 4.

New bank chairman

LORD BOARDMAN, the former Conservative industry minister, will take over as chairman of National Westminster Bank when Mr Robin Leigh-Pemberton, the present chairman, becomes Governor of the Bank of England later this year.

Lord Boardman, aged 64, joined the main board of National Westminster in 1979.

£120m in Lloyd's central fund

By John Moore, City Correspondent

LLOYD'S FUND of last resort, the central fund, which is a vital element in the security or a Lloyd's of London insurance policy, amounts to £120m, according to figures published yesterday.

It is the first time that Lloyd's has ever made the figure public officially and yesterday's announcement comes against a background of concern in Lloyd's about the size of the fund.

Last year it was estimated that the fund stood at £92m – a sum which is much smaller than the volume of premium income accepted by some of its largest individual insurance syndicates, the units into which all Lloyd's members are grouped.

The fund, founded in 1927 in the wake of a Lloyd's scandal, is designed to meet the liability of any underwriting member whose security and personal assets are insufficient to meet his underwriting commitments. Members joining Lloyd's accept the principle of unlimited liability

In the last few years the amount of the fund has fallen to about £50m, according to market sources, causing concern about the underlying security of a market which carries out £2.8bn of business.

But policyholders are supported by numerous other funds which operate within Lloyd's. Money belonging to underwriting members arising from their trading and lodged in premium trusts funds amount to $3.5bn and C$265m. Deposits and underwriting reserves of members amount to £600m, while other special reserve funds are expected to be about £1bn at the end of this year.

BUILDING SOCIETIES CALL FOR WIDER POWERS

Report overturns tradition

BY MICHAEL CASSELL

THE IMPLEMENTATION of many recommendations from the Spalding Report on the future constitution and powers of building societies would overturn 200 years of tradition.

The report, formulated by a working group set up by the Building Societies Association and chaired by Mr John Spalding, chief general manager of the Halifax, seeks wide-ranging powers to permit building societies to operate banks and insurance companies and to provide estate agency and conveyancing services for the public.

The societies have grown from 18th century self-building groups into an industry which holds assets of £74bn and exercises a major influence on the country's social and economic make-up.

But, as tha report points out, the societies have now reached the stage where their future contribution depends on an overhaul of the framework which governs their activities. Failure to implement changes will, they claim, see a relative decline in their size and importance.

The report, which is described a. "a starting point in the consideration of new legislation," argues that a new legal framework is required because the societies' constitution is no longer necessarily appropriate for institutions whose membership may run into millions – the largest society has over 8m members.

The societies believe the need for change is even more pressing given the restrictions which prevent them from responding fully to external competition for savings and mortgage business.

> THE Spalding report recommends that:
>
> Directors should retire at 70.
>
> Societies should be able to convert into a form of corporate body.
>
> Members in contested elections should be permitted to circulate biographical details.
>
> Directors' reports should be more informative.
>
> Societies should be able to act as estate agents; carry out structural surveys; offer conveyancing services; operate a bank and insurance company; acquire land; make personal loans.

Wider powers are called for so that the societies can compete more effectively and offer, like the clearing banks and savings banks, "a more comprehensive package to customers." The societies claim that the demand for a wider range of services exists and that they are ready to provide them.

There is a demand, the Association says, for societies to play a wider role in meeting the nation's housing needs. The report states: "Traditionally, the various agents in the housing market have operated in fairly watertight compartments.

Thus building societies, while helping finance the purchase of over a quarter of the houses in the country, are permitted to do little else to help solve the nation's housing problems.

"There has been an increasing realisation that these problems cannot be compartmentalised and societies, with the active encouragement of government, have sought to taka a wider role in housing. The law currently prevents them from making as great a contribution as they would wish."

Banks want 'fair terms' competition

BANKS responded to the recommendations of the Spalding report by saying they have no objection to increased competition as long as it was oo fair terms – and this is a big proviso.

"We don't mind the building societies' powers being widened provided that they are adequately capitalised, adequately managed and adequately supervised in order to take on these extra powers," says Mr Paul Tillett of the Banking Information Service.

Although the banks generally welcome the new competition, they are not happy about the idea of the building societies setting up specialist banking and insurance subsidiaries while still being free to enjoy fiscal advantages over the banks.

"I do not think that really conforms to nur idea of fair competition," Mr Tillett says. The banks argue that if the societies are to be allowed to expand into banking, the fiscal and other advantages they enjoy should be removed.

The banks object to the preferential corporation tax rate which applies to building societies; differential treatment of gilt-edged dealing profits; and exemption from monetary control requirements which involve the banks placing a half of one per cent of their deposits at tha Bank of England.

Tha Spalding report does not discuss the ambitions of some building societies to compete in the money transmission service – which is the banks' bread-and-butter business. The recommendations are sufficiently vaguely worded that this move could not be ruled out.

Even though the building societies are being cautious about their approach in this area, societies such as the Halifax could set up banks which would rival in size some of the smaller banks such as the Co-op Bank and Yorkshire Bank.

Minister attacked on trade union plan

By Ivo Dawney and Philip Bassett

MR NORMAN TEBBIT, the Employment Secretary, yesterday faced angry questioning from trades union leaders on his new consultative paper on union democracy.

The dispute came only hours after the Trades Union Congress general council had voted unanimously not to talk to him on his proposals.

Mr Tebbit had completed an address to trade unionists and managers at the London offices of the Industrial Society, outlining his position on secret ballots for unions and on their political funds.

Mr Bill Sirs, general secretary of tha Iron and Steel Trades Confederation, immediately attacked the Employment Secretary for his "biased" approach to the issues. He added that there was little point in the unions entering talks when the Government had already made up its mind.

"Would you sit down with your would-be executioner and discuss how they cut your head off?"

Mr Terry Duffy, President of the A malgamated Union of Engineering Workers, said that a "union-bashing" Government could not expect to have a constructive dialogue with the TUC. Mr Roy Grantham, general secretary of the Association of Professional, Executive and Computer Staffs, described Mr Tebbit's address as a "rather nasty little speech" to be expected in an election year.

The Government should address itself to the more urgent question of unemployment, he said.

Mr Tebbit said pressure for change had come from rank-and-file unionists.

Wiggins Teape to close paper plant and shed 1,000 jobs

BY NICK GARNETT, NORTHERN CORRESPONDENT

WIGGINS TEAPE, the UK's third biggest paper manufacturer, yesterday announced rationalisation, including a mill closure, which will result in the eventual loss of about 1,000 jobs at three sites.

The two main elements of the programme are the substantial withdrawal from the manufacturing of packaging paper and a £9m investment in fine papermaking.

Mr Alex Halliday, chief executive of Wiggins Teape UK, which has a British workforce of 8,500, said the company was facing increased competition from Continental Europe. The best way of securing the future of its fine and speciality paper was to continue the policy of investing selectively in those areas which were strong and had good prospects for profit and growth.

The £9m investment will be made at the company's plants at Aberdeen, Dover and Ivy Bridge, Devon. Management said demand for fine paper – used mainly for printing and publishing – was good. But the company needed to make the most efficient use of equipment at its five fine paper mills by phasing out outdated machinery.

The company's plant at Bury, Greater Manchester, is closing in the next three months with the loss of 200 jobs. The packaging paper business – the Bury mill supplies mainly the food and the confectionery industry – has made heavy losses.

The company said this business had very poor prospects due to a fall in demand for paper packaging in favour of plastics. Increased competition from Continental European manufacturers – which benefited from lower energy costs – had compounded the effects of recession.

As well as the Bury closure, a number of machines will be shut down at Dartford, Kent. Rationalisation at Lincoln will result in the loss of another 450 jobs in the same period. All but 70 of these will be at Dartford.

The company, part of BAT Industries, said a further 360 jobs were expected to go next year with the closure of a fine paper machine at Dartford.

The announcement follows the decision last week of Thames Board Mills to shut its Warrington paper-based board plant in Cheshire at the cost of 800 jobs.

Mersey outlook 'worse'

BY IAN HAMILTON FAZEY

MANUFACTURING INDUSTRY on Merseyside, in north west England, continued to show mainly flat or downward trends during the last quarter of 1982 according to the latest survey by the region's chamber of commerce.

The only bright spots were a lessening of downward trends on exports orders and deliveries and an improvement in cash flow for more companies than at any time in the last 15 months. Nevertheless, a third of the companies surveyed still reported that cash flow had got worse.

The most potent indicator of activity – how much production capacity is being used – shows 55 per cent of companies working below four fifths of full capacity. Only 15 per cent are running their plant to the full. This is the worst rate of utilisation in the last five quarters.

The survey also revealed a large decrease in stock levels of raw materials, bought in supplies and finished goods, and although 44 per cent of companies expect stock levels to remain the same during the current quarter, similar proportion expects them to fall even further.

On labour, the position is also likely to worsen, with 47 per cent of manufacturers expecting to shed more jobs before the spring. Jobs were lost at 52 per cent of respondent's companies during the last quarter of 1982, with 43 per cent keeping numbers static.

Subsidy of coal could cost £1bn inquiry told

Financial Times Reporter

MARKET PROSPECTS to the year 1990 indicated that the National Coal Board would face increasing financial stringencies, the Sizewell B inquiry was told yesterday.

By this date the government could be funding the coal industry to a level of about £1bn Mr Peter Hughes, manager of the Central Electricity Generating Board's Fossil Fuel and Energy Section, said.

He was giving evidence supporting the CEGB's case for Sizewell B on the grounds of economic benefits and security of fuel supplies.

Mr Hughes said an examination of the NCBs prospects suggested that the cost of producing coal which at present provided 80 per cent of tha UK's electricity, would rise faster than inflation for the foreseeable future.

This was in spite of cost containmant exercises in recent years and voluntary agreement under which the CEGB endeavoured to take up to 75m tonnes of NCB coal a year, and the board endeavoured to maintain price increases within the level of inflation.

Mr Hughes said it was likely that if the joint understanding held to 1985, the government would be obliged to fund the coal industry with grants and subsidies in excess of £500m a year, possibly reaching a level of around £1bn by the late 1980s.

He said the cost of production would continue to rise because the cost of extraction from old pits, with less accessible seams, would become more expensive.

Costs were currently increasing 2 per cent above the inflation rate. Mr Hughes said that after the year 2000, increases in NCB costs might be contained as new efficient pits began producing.

He said the NCB had been able to hold prices only by government subsidy and if this was removed current pit head prices would immediately rise by more than 10 per cent.

Technical obstacles cleared in race for cable broadcasting

BY [illegible]

THE [illegible] and its [illegible] two months' setting [illegible] of the Government's proposes to go ahead with the [illegible] tion of broad-band cable television and associated information technology services, Mr Patrick Jenkin, the Industry Secretary, said yesterday.

Tha White Paper follows the inquiry into cable expansion and broadcasting policy under the chairmanship of Lord Hunt.

The Government had already set up the Eden Committee, to ensure that British standards exist for all services that could be provided on cable systems. "Where the standards do not exist we have asked the Eden Committee to draft them on or about March 1 this year," Mr Jenkin said.

"Progress is being made and I am advised that there will be no technical obstacles in this area to an early introduction of wide-band cable systems," Mr Jenkin told degates at the Financial Times Cable Television and Satellite Broadcasting conference in London.

He agreed that the demand for entertainment will finance the building of cable systems. "But what really attracts me is the whole range of information technology services which will be developed, including telebanking, teleshopping, security services and distance learning," he said.

He forecast a "huge financial undertaking to cable Britain." For the networks alone this would involve a £2bn-£3bn investment with a fur[illegible] [illegible] to introduce legislation to allow commercial companies to use the three spare channels on the direct broadcasting system. Mr Jenkin said that the BBC had already been authorised to go ahead in 1986 with two of the five channels on the satellite.

> **FT conference on cable television and satellite broadcasting**

Mr Alasdair Milne, director-general of the BBC, warned that these two channels must not deprive the licence payer of any of the programmes now enjoyed, nor must the quality of these programmes be lowered.

He said what will be on offer must be new, additional to what is being transmitted on BBC 1 or BBC 2 and of an excellent standard.

A warning to the Government to tread carefully in the preparation of the White Paper of cable television came from Mr R. F. G. Dennis, chief executive of Rediffusion Consumer Electronics. He said: "We have yet to see the detailed conditions under which commercial cable will operate. It would take only one major unacceptable condition to bring the momentum of generating [illegible] inquiry into cable expansion [illegible] broadcasting policy, told delegates that he had "no inside knowledge of the Government's proposed White Paper on plans for the go-ahead of cable television."

Sir George Jefferson, chairman of British Telecom, in a paper on the development of broad-band networks, forecast that hundreds of specialist closed-circuit video systems will emerge over the next decade.

However he believed that these systems will be found to be too restrictive and the search will be on for "universal inter-connectivity" where all users could communicate with each other.

Mr J. Robert Bedell, vice-president corporate development, for the Home Box Office company in the U.S., gave a paper on the market for premium services, such as pay television. He forecast that growth in these services would substantially change the television programming in Britain just as it did in the U.S."

Mr Brian Haynes, the director of development for Satellite Television, told delegates that in the U.S. there are now satellite programmes with 24 hours a day of news, weather, sport and programmes for minorities. Some of these local programmes had "an abysmally low standard," and all of us will be concerned to ensure the maintenance of standards when considering cable in the UK, he said.

THE ARTS

The Young National Trust Theatre/National Portrait Gallery

William Packer

Actress Ellie Haddington as Queen Elizabeth I, with her young "court"

The Young National Trust Theatre is an occasional troupe that was founded some four years ago with the intention of charging some of the great houses and collections in the Trust's possession with authentic life, to fire the imagination, most especially of the younger visitor. The collaboration of school and teacher is very necessary, for the exercise is one of close participation and the children must be prepared to some degree. Then they are given into the hands of the company of actors who, in devising their programme, have steeped themselves in the manners and idiom of a particular place and period; and there they are, to the life.

There is a guiding script, as there must be, but by its nature the performance is committed to improvisation, as the actors tease their young subjects first into a willing belief, and then into active support. Suddenly the point is made that these houses were built, these things made, these pictures painted not for dim and improbable shadows, but for real people who lived real lives for all the quaintness of their dress and speech.

Such an effort is rather easier to sustain in the closer and more consistent circumstances of an historic house, with all its practical arrangements clear and its family and establishment known. A museum or public gallery, so much more diffuse and distracting, may be a different matter, and certainly it was brave of the National Portrait Gallery to take it on. But it still works, and works well.

We start with Queen Elizabeth I, painting her face and putting on her wig, and generally preparing herself to sit for her portrait miniature: the artist is Nicholas Hilliard himself, the great courtier dancing attendance Sir Christopher Hatton, bar hosts Sir Henry Unton and his wife. The vignettes follow in natural order; the Welsh Dr Gwynne purging poor ailing Sir Henry, the artist in his studio, the sitting, the final celebration of feast and masque and music. Then on goes the time machine into the middle of the 18th century, and to Mr Sharpe and his sister receiving the great conversation piece by Zoffany of themselves with their entire water-borne amateur orchestra.

This is the company's first season in London, which continues at the National Portrait Gallery twice daily until February 11, its schedule fully booked. Parts of the programme are necessarily private to the participating children, but when they move out into the galleries the public is welcome to watch, and share the enjoyment of these remarkable and engaging performances. All that is asked is that the dialogue that grows so strangely between character and child be respected too — for this is no exercise in public relations or simple entertainment, and the imaginative world so carefully built up could be shattered utterly by a crass or thoughtless interruption.

The Young National Trust Theatre was the Trust's own brainchild, but it nearly failed for lack of funds, for costs are now running at over £70,000 a year. A fee of £2 per child raises some £10,000, however, and Lloyds Bank has now come in with a commitment of £25,000 for each of the next three years, leaving the Trust with about half to find. We must hope it does, for its theatre has more than justified itself.

New directions in the East

Ronald Holloway reports on the new Socialist Realism in the German Democratic Republic, which seems to be open to trends from the West.

Perhaps it's due to the need to "evolve" a realist tradition out of the tried-and-worn Socialist Realist model, or maybe it's because 1983 is the 500th anniversary year of Martin Luther's birth or perforce it's the liberal personality of Willi Sitte in his key position as President of the Association of Graphic Artists in the German Democratic Republic—whatever, the Ninth Art Exhibition of the GDR has proven to be a whopping public success in the Albertinum on the Brühlsche-Terrasse of restored, picturesque Dresden.

Coming shortly after last summer's "documenta" exhibit in Kassel (just over the border in West Germany and programmed after a five-year interval in the wake of the 9th and 10th Party Congresses, a breakthrough of some sort was expected—after all a progressive trend was already visible of late in socio-critical documentary and feature films at international festivals.

The Dresden exhibit embraced 950 works of art by 545 painters, graphic artists, and sculptors: to assimilate even half of these objects within a single visiting day proved to be exhausting. Yet the overall impression left no doubt that problem-bound topics and instructive socialist themes faded to the background; often enough, only a whisp of Socialist Realism could be detected in otherwise individualist styles of expression. At the risk of plunging into a sea of generalities, the new, evolving Socialist Realism in the German Democratic Republic seems to be open to trends and impulses from the West.

The dominating painting at the top of the stairs leading into the brace of exhibition halls for oils, collages, and mixed-technique expression is indicative of current East-West cross-pollination: Walter Womacka's *Erika Steinführer* (1981), a pop-art, Rauschenburg-like portrait of a working-woman in multiple photographic collage density. One is not quite sure whether the middle-aged lady is worn to a frazzle from her everyday household and factory duties, or whether this is a proud liberated Rosie the Riveter heroine of the socialist state. That such a question can be posed in the first place is a sure sign of progressive reform.

Martin Luther is there for the asking too. He's to be found in a still-to-be-completed circular panorama designed for the Peasants' Revolt Memorial on the Schlachtberg near Frankenhausen, its size to scale (when installed) 122 metres long and 15 metres high—Werner Tübke's *Early Burghers Revolution in Germany* (1979-1981), on display as a model at Dresden and the chief attraction of the entire exhibition. Thousands of mediaeval figures sway across a "Peasant Bruegel" landscape as though caught in a web of historical dialectics, and at the bottom of the painting below a hard-fought battle scene is a quietly composed assemblage of humanist and religious leaders: Dürer, Erasmus, Luther, Melanchthon, and others. This is one of those canvases that might rival Lucas Cranach's altar at Wittenberg as a popular curiosity throughout the present jubilee-decade.

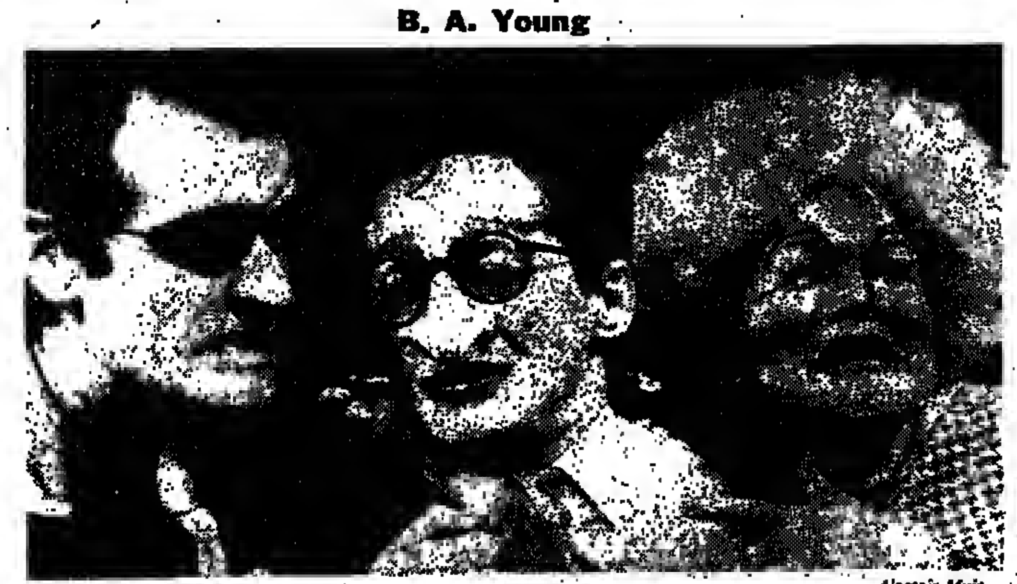
Willi Sitte's *After a Shift in the Salt Mine* (1982) places the artist in the vanguard of fresh Neo-Expressionism rather than outmoded Socialist Realism, although thematically he is quite orthodox and respectful of the working-man's sweat-and-labour. Again, the oil is gigantic and can be divided into contrasting sections: to the left, miners entering or leaving a shaft; to the right, the grime of salt and sweat wiped from fat, dripping torsos. West German critics, particularly after a Willi Sitte Exhibition in West Berlin recently, tend to relate the East German trend-setter with Max Ernst, Beckmann, Delaunay, Rouault—yet at first glance the bloated bodies and festering figures recall Ivan Albrecht.

Nearly every room awakened associations with Western concerns in art. Bernhard Heisig's *End of the Evening Programme* (1982) leans towards TV-ads and pop-art labels common to a consumer society, yet not necessarily complimentary. Volker Stelzmann's *Pieta* (1981) is not only religious in nature, but also features the elongated limbs of El Greco in the repose of a Christ upon Mary's lap. Stefan Plenker's *People in a Room* (1980) contains a muted Edward Hopper loneliness-effect, and Günter Hein's *Street in Dresden-Pieschen* (1981) and Ulrich Hachulla's *The Feast* (1980-81) appear to draw on Munch and Barlach, respectively, for inspiration. (Barlach's angel in the Güstrow church with the countenance of Käthe Kollwitz, covered by a party-mask, is the central motif in Hachulla's painting.) The moods of these works of art are appropriately gloomy as a whole.

By consensus among the visiting art critics, two East German pointers deserve special mention. Uwe Pfeifer of Halle, whose *Feierabend* was a stand-out at the 1977 Exhibit of GDR Artists, was back with Gisela's *Portrait* (1980): a woman faces a mirror, the reflection in which reveals a moment of sombre thought on such indefinables as ageing or purpose-in-life. Albrecht Gehse of Leipzig contributed *Coalcarrier Udo Rosenbein* (1981): a young man black with coal and in the pose of a punk-labourer defiantly and impishly gazes at the viewer, the soot brightened by a flaming-red pair of suspenders. These are both sideviews of a culture that one cannot easily erase from the mind.

Ubu the Vandalist/Donmar Warehouse

B. A. Young



Alastair Muir

Raymond Sawyer, Chris Barnes and Susan Colverd

The Actors' Touring Company begins its season at the Donmar with two plays about near-legendary characters, Ubu and Quixote. Their Ubu play, originally called *The Vandalist*, has been adapted from Jarry's *Ubu Roi*, in Cyril Connolly's translation, by the director, John Retallack, and the company. *Quixote* has been adapted from Cervantes by Mr Retallack and Richard Curtis.

Ubu the Vandalist, as it is now, is also indebted to *Macbeth* and one or two lines from that play find their way in. In spite of the comic horseplay with which the piece is done, the Actors' Touring Company find *Ubu* more serious than usual; indeed Krystyna, daughter of the King of Poland whom Ubu assassinates, is elevated to a figure of patriotic heroism unlike anyone else. The others use grotesque attitudes and movements as if they were animated figures in a film cartoon, with grotesque, over-emphasised speech to match.

Chris Barnes as Pa Ubu sets the pace with his first line, which is of course the *mot d'Ubu*, rendered here as Pschitt, which I can write because it is also used to advertise a brand of fizzy water. He is a little hunchbacked gnome, with a big cardboard nose and spectacles. Ma Ubu, his wife, is Susan Colverd in a bright red wig; she crisps her hands like claws, and once actually seems to turn into a cat. She it is who urges Ubu to kill the King of Poland (which is pronounced Po-land, to show that it is a joke) and seize the throne. When he has done so, and is away leading the one-man Polish Army against the Russians, she steals the Crown Jewels.

To recount the whole plot would be, in the classic phrase, to decant champagne, only here it would only be some more modest *méthode champenois* fizz, for Jarry's jokes are not in the plot, not much even in the characters, but in the jabs at respectability. Respectability has changed since *Ubu's* opening in 1896. The *mot d'Ubu* ("*merdre*" in the original) caused a riot. Today you can take your kids to shows (*Yakety-Yok!* for instance) that use four-letter words throughout and no one notices.

Still, some of the audience laughed dutifully every time a *pschitt* turned up, and simple slapstick notions, like having Ubu enter in a supermarket trolley, found their mark. Raymond Sawyer as Captain MacNure, Ubu's confederate who changes sides when he is refused his title of Duke of Lithuania, fights a Macduff-like duel with Ubu at the end. Princess Krystyna is almost moving as Valerie Bradnell plays her.

Arts Council announces grants to 'Big Four'

The Arts Council yesterday announced its 1983-84 grants to the four major national arts companies who between them receive over a quarter of the Council's distribution of £93.5m in the year.

The Royal Opera House is getting £10.245m, a rise of 7.3 per cent on the current year, towards the costs of the Royal Opera and its two ballet companies, the Royal Ballet and Sadlers Wells' Royal Ballet. In addition there is a grant of £200,000 towards the £375,000 net cost of the Royal Opera's visit to Manchester in the autumn.

English National Opera receives £5,265,000, an increase of 7.4 per cent, with £250,000 more to enable the company to perform in Plymouth. The National Theatre will be 7.4 per cent better off, at £6,390,000, and the Royal Shakespeare Company gets 20 per cent more at £3.6m. There will be additional funds for the two theatre companies when they tour.

The very favourable treatment of the RSC is attributable to the Arts Council's desire to raise the company to the level of the rest of the "Big Four." In the past its grant was lower because it was seen as still basically a provincial theatre and it never received adequate resources for its London operations. The substantial rise goes a long way towards meeting its needs.

The increases for the national companies compares with a 7 per cent rise in the Arts Council's overall grant from the Government.

ANTONY THORNCROFT

Samson & Delilah/National Gallery

William Packer

Detail from "Samson and Delilah"

The long sequence of Paintings in Focus at the National Gallery continues happily with a small but splendid display centred upon a great work of Ruben's early maturity, the magnificent *Samson and Delilah*, acquired by the gallery two years ago.

Newly cleaned, it is a painting transformed, for though never less than terrific, without the heavy varnish that dulled and flattened the surface it now glows with the rude health of Delilah herself. It is a powerful, even daunting work, rich and complex in its imagery and psychological suggestion, and overwhelmingly physical. Whilst we may admire it in a public place, we might well not think it quite the kind of thing with which to live.

Once, however, it was indeed the pride of a private and well documented collection. Nicolaas Rockox was a rich citizen of Antwerp, prominent in public office, and a collector and connoisseur. *Samson and Delilah* was painted to his commission around 1609 and hung above the fireplace in his Great Salon; and Christopher Brown of the National Gallery has had, and indeed executed, the excellent idea of reproducing as far as possible that particular circumstance, just as it was recorded in the painting of the room by Frans Francken, the Younger.

There it is, at just the height above the fire, with paintings similar in kind to its sometime neighbours hung beside, a thing to live with perfectly easily. It is an openly theatrical ploy, and yet perfectly and tactfully judged to show just how much life may be breathed back into great art simply by suggesting a natural human scale and situation, no matter that the suggestion may be contrived, fanciful or even a little over-done occasionally. Good paintings suffer more by careful emotional insulation than by any amount of robust enjoyment (until March 20).

Fires of London/Elizabeth Hall

Andrew Clements

Tuesday night's Fires of London concert brought three premieres rather than the expected two. Included at the last moment, written in fact only that morning, was a seven-minute birthday present from Peter Maxwell Davies for the Fires' regular conductor John Carewe. It proved to be an intricately worked little trio for flute, cello and viola, belying its modest intentions and generating some wholly typical Davies textures. Maxwell Davies's *Sea Eagle*, for solo horn was also new to London. It consists of three substantial movements, each rooted in a firm tonality and generally exploiting the romantic, evocative side of the instrument.

As a display piece for a neglected solo instrument it fills a niche, and as a challenge for any aspiring virtuosi sets a formidable challenge. The player here was the young Richard Watkins, a striking talent quite obviously; he brought great assurance to the work (having given the first performance at the Dartington Summer School last year) and some outrageous bravura.

The Fires also included the first performance of a piece by the 28-year-old Martin Davies (no relation), a pupil of Hoddinott, Harvey, Bobuslaw Schaeffer, Penderecki and Anthony Payne. One wondered out of such an unlikely mix what kind of music would emerge, but "... *the still waters by* ..." proved to be an over-long essay in a dreamy neo-romanticism, beginning deliberately and promisingly but soon trailing off into inconsequences. At 20 minutes it was much too long: there were enough ideas for something half the length. At times a precise musical image would emerge, but invariably it faded quickly, and the lack of rhythmic interest always told against success.

The rest of the programme presented three Maxwell Davies pieces from the early 1970s: the curiously unsettling transcription and fantasia after Dunstable, *Veni Sancte/Veni Creator Spiritus*, and the *Points and Dances from "Taverner,"* a timely reminder that the opera is due to be revived at Covent Garden in June, as well as the hauntingly beautiful *From Stone to Thorn*.

This first setting of Mackay Brown remains the best, the work in which the response to the Orkney poet's vivid images is sharpest honed and the music best focused. Mary Thomas was the soprano, relying more on theatrical effect than of old. John Carewe conducted *Veni Sancte* and the *Taverner* dances with characteristic incisiveness and attention to detail; the composer took over for *From Stone to Thorn*, suggesting perhaps that it is a favourite work of his.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 21–27

Exhibitions

WEST GERMANY

Stuttgart, Staatsgalerie, Konrad Adenauer Strasse: Late 16th and early 17th century Italian masterpieces reflect the beginnings of Baroque. Ends spring 1983.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: Oil paintings and drawings from between 1912 and 1930 by Giorgio de Chirico, the Italian artist. Ends Jan 30.

Berlin, Akademie der Künste, 10 Hanseatenweg: Ob Canada has paintings, architecture, films, videos and performances documenting the development of today's artistic scene in the North American country. Ends Jan 30.

Munich, Villa Stuck, 60 Prinzregentenstrasse: Vienna around the turn of the century is the topic of roughly 200 graphics and book illustrations by the so-called Austrian Secessionists. Among them Gustav Klimt and Oskar Kokoschka. Ends Jan 30.

Bonn, Kunstverein, 7 Adenauerallee: Landscape painting illuminated through recent works by six European artists. Ends Jan 30.

Munich, Lenbachhaus, 33 Luisenstrasse: A retrospective of 140 paintings, drawings, graphics and many documents offers an insight into the work of Josef Scharl, the German-American painter (1896–1954). Ends Jan 30.

Münster, Westfälisches Landesmuseum, Domplatz 10: For the first time a museum is staging a joint show of the more than 140 paintings which Paul Klee, August Macke and Louis Moilliet brought back from a trip to North Africa in 1914. Ends February 13.

Nuremberg, Kunsthalle, 32 Lorenzer Strasse: Emil Nolde, the famous German expressionist, has a show here comprising more than 100 water colours and his complete graphic work. Ends January 30.

Cologne, Kunsthalle, Josef Haubrich Hof: The Three Magis has paintings, sculptures and artifacts dating from the 11th to the 19th century, depicting their veneration and adoration of the Christ child. Ends Jan 30.

Frankfurt, Kunstverein, 44 Markt: Drawings and paintings depicting human beings from between 1960 and 1970 by Pier Pasolini, the Italian movie director. Ends Feb 27.

PARIS

Fantin-Latour (1836-1904). 150 paintings, pastels, drawings and lithographs bring home some unsuspected facets of his art. Best known for his rather sombre collective portraits of the intellectual elite of his time, his poetic flower compositions charm with luminosity and colours. Fascinated by music, his illustrations of Wagner and Berlioz are his escape into the world of dreams and phantasy. Grand Palais. Closed Tue, ends Feb 7. (260 3936)

The Hague School of painting: 160 oils and watercolours by 19th century Dutch artists depict mostly the sea and the seashore in a poetical mood or genre scenes and culminate gloriously with the beginnings of Van Gogh and Mondrian. The exhibition will go on to London and The Hague. Grand Palais, closed Tue. Ends March 28 (261 5410)

From Carthage to Kairouan, 2,000 years of art and history in Tunis. Magnificent mosaics and a vast model of the Kairouan Mosque retrace the succeeding Phoenician, Roman and Islamic influences on art in Tunisia. Petit Palais, Closed Mon. Ends Feb 27.

ITALY

Rome, Campidoglio: An exhibition of 12 paintings and six drawings by Andy Warhol inspired by de Chirico. Ends Jan 31.

Rome, Accademia di Francia: 'Mediterraneum Picasso,' a collection of about 100 works inspired by Mediterranean life. Ends Feb 13.

Milan, Palazzo Reale: Boccioni in Milan. A comprehensive collection of 400 of the painter's works, some being shown for the first time, to mark the centenary of his birth.

Florence, Palazzo Pitti: One hundred works from Dresden Picture Gallery. Ends March 4.

LONDON

Walker Art Gallery, Liverpool: John Moores 13 – Britain's first and most important Open Exhibition, which regularly attracts a strong entry from amongst our best contemporary painters. The prizes are generous enough: £6,000, £3,000, £2,000 and ten at £250, but the prestige lies in the selection itself. This year's exhibition is full of strong uncontroversial painting, both figurative and abstract, with John Hoyland victor ludorum. Ends Feb 20.

The National Portrait Gallery: Van Dyck in England – if not unquestionably the greatest, pace Holbein, certainly the most prolific and lastingly influential of our Court Painters, establishing the image of romantic, doomed Cavalier grandeur in its final years. He could not have done this without an army of studio assistants and it is easy enough to recognise the fruits of the production line, but he was a wonderful artist for all that. He is a painter's painter, steeped in the works of the earlier Italian masters, and the worthy successor to his own master, Rubens. Ends March 20.

NEW YORK

Pierpoint Morgan Library: French Painting in Manuscripts, 1420–1530, will trace the historical development of manuscript illumination with examples from the library's collection as well as from other American collections. Ends Jan 30. Autographed music manuscripts and letters from Franz Joseph Haydn and Igor Stravinsky are also on display. Ends Jan 30. (685 0610)

Metropolitan Museums of Art: Architectural drawings, furniture, photographs and even ceramics comprise the hundred objects of Frank Lloyd Wright's dusted off to accompany the permanent installation of the living room he designed for the Francis Little House. Ends Feb. 27. (535 7100)

Whitney Museum: Painter Ellsworth Kelly will become better known as a sculptor with this first sculptural retrospective of 40 works dating back to the 1940s and including recent large aluminium and weathering steel works, many never before displayed publicly. Ends Feb. 27. (570 3676)

Whitney Museum: The 75th anniversary of the exhibition of The Eight, the group surrounding artist and teacher Robert Henri, is being remembered with nearly half of the 60 paintings first shown at the New York Macbeth Galleries in defiance of conventions established by the National Academy of Design. Besides Henri, works by Luke, Lawson, Shinn and Davies will recreate the origins of modern art in America. Ends March 20.

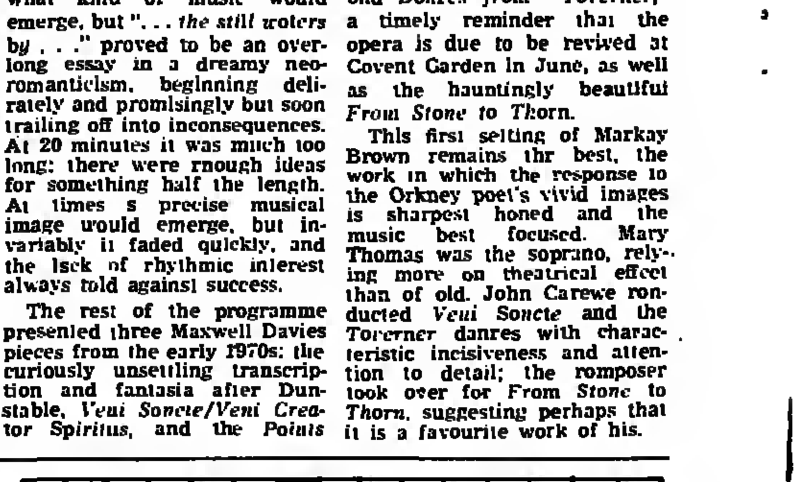
WASHINGTON

National Gallery: On the centenary of Edouard Manet's death, a hundred paintings, pastels and photographs show the growing interest in Paris among artists of that time, including Manet, Monet, Caillebotee, Daumier, and Vuillard, in this thematic exposition. Ends March 6. Seven major series by sculptor David Smith are represented in the 60 large works in welded metal included in the exhibit. Ends April 24. (357 2700)

CHICAGO

Museum of Contemporary Art: 300 works from the superb modern Russian collection of George Costakis preserves the exuberant hopes of cubo-futurism, suprematism and constructivism through the paintings and designs of Kliun, Chasnik, Rodchenko, and Malevich before their extirpation by Stalin. Ends March 13.

F.T. CROSSWORD PUZZLE NO. 5,082



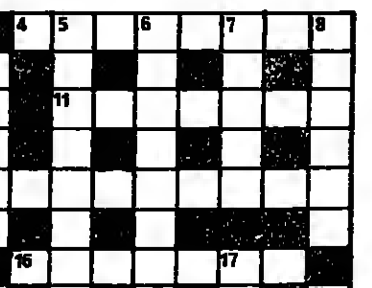
ACROSS

1, 4 Where the chalk goes, affecting all classes? (6-3-5)
10 Shirt company goes bust, not a high-flier (7)
11 It's near collapsing, more unpleasant (7)
12 Statue in the circus (4)
13 Range I get on for sympathy (10)
15 Kind of script seen in capital (Iceland?) (6)
16 Imitate bird (dead) (7)
20 Town for studying (7)
21 News let out that's moderate (6)
24 In suspense further down from supporting member (10)
26 Jack, for example—a real character (4)
28 Newsreader round live broadcast is thrown (7)
29 Call together to study even in trouble (7)
30 Leagers in the stage seen on the road (8)
31 Firm man is convincing (6)

DOWN

1 Derelict ares with ox in — having no appetite? (8)
2 Intelligent English explanation (9)
3 Hide the film (4)
5 Foot won't work this pressure builder! (4-4)
6 Finest wine store, we hear, has biggest sale of season (10)
7 Excuse — a party one (5)
8 Concurrently, some French group (6)
9 Pulse in broth, stewed? (5)
14 The despised one in the nursery? (10)
17 Conversation couched in intimate terms? (4-1-4)
18 Writing medium, we heard, covered on inside, tipped (8)
19 Lifeless defeat, exhausted (4, 4)
22 Place in India with kind of joke injection (6)
23 Perform improperly — 'e can't! (5)
25 Had life upset to perform another's drudgery (5)
27 Enthusiastic about preposition (4)

Solution to Puzzle No. 5,081



A Skew • Market-wise MD • Middle East

BY MICHAEL DIXON

"IS IT like an Oscar?" the Jobs Column asked hopefully on hearing that it had been awarded e Skew. "Altogether the reverse," said Iain Farrell of Harrow School.

The object of our conversation was my report just before Christmas of the suspicions of a long established recruiter that Old Harrovians do not deign to work in industry. While he had interviewed people from other major "public" schools such as Eton and Winchester during his years of selecting graduates for the wealth-generating sector, the recruiter said, he had yet to come across a candidate who had attended Harrow.

Among the several people stimulated by that report was Dr Farrell, who just happens to be Harrow's industrial liaison master! Hence the award of the Skew, which is evidently the school's term for something rather stronger than an invitation to do one's work again, paying more regard to the fects and so on. Fortunately, perbeps because this column is new to Harrow's traditions, he has also supplied the following "model answer."

"I do not have precise figures of Old Harrovians who have entered industry after or before graduation, but . . . we hope present-day Harrovians are developing an appreciation of the importance of industry and of the variety of industrial careers available.

"In the first term of this academic year we set up a Young Enterprise company, ran a series of Understanding Industry lectures, and beld a two-day Challenge of Industry conference for the whole lower sixth.

"This term the Young Enterprise company will continue to operate and is heading for e very bealthy profit and dividend et the end of its life in April. A series of weekly talks and films about different aspects of industry and a number of visits to industrial and commercial sites will take place.

"An industrial studies course, involving role-play, business games and films, is planned as an extra-curricular option for boys in the Lower School. We are offering to arrange work-experience during the Easter bolidays for any sixth former who requests this.

"All these activities are, of course, in addition to the normal guidance evailabla on careers, further education and university entrance. To this end a large new careers centre has been established."

Does thet now restore the Jobs Column to the straight and narrow, please sir? I hope so, especially in view of evidence from other sources that tha aforementioned recruiter was not entirely mistaken in noting e scarcity of past generations of Harrovians seeking to enter industry through the common or garden channels of recruitment.

"Because our numbers are few, in many cases nepotism has sufficed . . . ," says Dermot de Trafford, for instance, who is chairman of the Calor Group. But he adds that there is no truth in the legend that the school's progeny who bave gone into industry do not know their way round the ahopfloor. "Those few Old Harrovians I meet in the British Institute of Management know their business from top to bottom."

John Lander, on the other hand, says that ha and contemporaries at the school who joined industry after graduating did so through the normal recruitment procedures estabIisbed at universities by big companies.

"Only once have I been asked (by a recruiter) about my schooling and I have never worn my Harrow Association tie for an interview or for a business function," he goes on. "I believa that Harrovians, while usually very loyal to 'The Hill', do not lean on it.

"Perhaps I should change my policy — it might belp me find a job!"

What'e more, he has been in the same predicament for more then a year. But while thet has deprived him of a regular salary, Mr Lander adds, it bas certainly not left him unoccupied.

He is kept constantly busy trying to do three things at the same time. One is to keep up to date with developments in the tecbnologies and industires in which he has experience. The second is earning some money part-time to keep going. But he is hard-pressed to find time for those two essential activities because of the demands of the third: "Trying to find a suitable full-time job—each application can take two to three days work.

"Has any Jobs Column reader any comments on how to balance the three things; they must apply to anyone involved with technology and beve equivalents in commercial ectivities?" John Lander asks. If anyone can offer advice, I'll gladly pass it on.

To add zip

A MANAGING DIRECTOR is sought by consultant Dirk Degenhart to work in the London aree with e big group's subsidiary employing more than 2,000 people and specialising in consumer durables and light appliances sold internationally under a well-known brand.

Being unable to name tha client Mr Degenhart, like the two other beadhunters next to be mentioned, promises to abide by any epplicant's request not to be identified to the employer as yet.

The prime task is to give new impetus to the subsidiary's established and new products, and so success in the marketing and sales of fast moving consumer goods is wanted. Candidates should preferably also have risen into general management.

Salary indicator is £40,000 with perks including bonus and car.

Inquiries to Dirk Degenhart and Partners, 4 Priory Gardens, London W4 1TT; telephone 01-994 2157.

Stores and bank

NEXT COMES a clutch of jobs in the Middle East being offered through two different recruitment consultants.

The first is Bryan Tonkinson of Tyzack and Partners (10 Hallam St, London W1N 6DJ; tel 01-580 2924, telex 21120 ref 3573). He seeks a senior retailing manager with particular expertise in purchasing and inventory control for a group which thinks of itself as the Harrods of the Middle East, having a small chain of stores.

Total rewards including tax-free salary around £35,000. Preferred candidate will be able to fly out for inspection before accepting.

The other consultant is Andrew Duncan of Bull Holmes (Management) who seeks a chief foreign exchange dealer and two assistants for the established international operation of a Kuwaiti bank. Success in comparable work essential.

Chief dealer's pay will be £40,000-plus tax free with free housing among perks. Inquiries to 45 Albemarle Street, London W1X 3FE; tel: 01-409 2188, telex: 28506.

O tempora . . .

ALTHOUGH tha salary is only about £10,000 the next job is worth including if only to show bow things have changed since the student revolutions of a dozen years ago. The National Union of Students wants e commercial services officer in London to help its affiliated unions in some 750 educational institutions to benefit more from their aggregata income of tens of millions a year.

A major task will be negotiating better terms from suppliers for £1m worth of stationery, for example, and at least £10m of bar stocks. The newcomer will also be concerned with Endsleigh Insurance which the NUS founded in 1965, sold 11 years later, and has just rejoined as a stockholder in conjunction with Friends Provident and the major holder, Gouda of Holland.

Written inquiries to Alan Watson, the treasurer, 3 Endsleigh Street, London WC1H 0DU.

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Appointment of

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The position of Company Secretary will become vacant in early 1984 on the retirement of the present holder of that office. It is intended to appoint his successor in October 1983.

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The appointment is a challenging one and presents an exceptional opportunity for the successful applicant to develop his/her own abilities and responsibilities.

The successful applicant is likely to be aged between 30 and 40 and to have the tact and ability to fit into a happy and hard-working top management team. He/she could be a solicitor or chartered accountant with one of the leading City firms, a merchant banker, a barrister, or a chartered secretary.

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Candidates should write in confidence with full details to:-

W. J. Bridge, Chairman,
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Westgate Brewery,
Bury St. Edmunds, Suffolk IP33 1QT.

The London School of Economics and Political Science

Appointment of DIRECTOR

The Court of Governors of the School has established a Selection Committee to make a recommendation for an appointment of Director of the School from 1 October 1984 when, as already announced, Professor Ralf Dahrendorf will give up the office.

Further particulars of the appointment may be obtained from the Secretaries, The London School of Economics and Political Science, Houghton Street, Aldwych, London WC2A 2AE.

Anyone interested in being considered for appointment or wishing to recommand anyone for consideration is invited to communicate as soon as possible but not later than the end of April with the Chairman, Sir Huw Wheldon, at the School. Communications should be marked Private and Confidential.

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Please write with a brief CV, stating clearly which position you are applying for, to the Recruitment Manager, Bush Boake Allen Ltd, Blackhorse Lane, London E17 5QP.

Bush Boake Allen Ltd.

S UBS G

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Full career and personal details should accompany a handwritten application and be addressed in confidence to the Personnel Officer, Union Bank of Switzerland (Securities) Limited, The Stock Exchange Building, London EC2N 1EY.

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R. J. E. Barker, Group Appointments Manager,

Grindlays Bank plc.

36 Fenchurch Street, London EC3P 3AS.

INSTITUTIONAL SALES

28-40 **£25,000+**

Our client, a leading firm of City Stockbrokers, will shortly appoint a senior sales person. The ideal candidate will have the following profile:

* Experience of selling UK equities to major British institutions.
* Ability to understand and interpret sophisticated and comprehensive research material.
* Articulate and enthusiastic with the intellectual ability to discuss investment ideas at an exacting and high level.

The position offers a first-class career with unusually good prospects with a firm which has a leading name within the investment world. The successful candidate, therefore, will be capable of enhancing the firm's established achievements at the highest level. A high basic salary will be negotiated but is unlikely to prove a problem to the right candidate.

Please apply to Jock Coutts.

Chichester House, Chichester Rents, **Career plan** LIMITED London WC2A 1EG. Tel: 01-242 5775

PERSONNEL CONSULTANTS

Merchant Banking

Leeds **£neg. + car**

Although the Bank's main activities are centered at the Head Office in the City of London, there are regional offices in Leeds, Manchester, Birmingham and Edinburgh. In addition to marketing the Bank's services throughout a specified geographic area, each regional office provides corporate advice as well as having its own lending portfolio. The Leeds office has commitments exceeding £60m which includes Term Loans, Acceptances, Equity Investments, Tax Based Lending and Funded Leasing.

In order to continue the commitment of the Leeds office to greater involvement with quoted companies, we seek to recruit a senior banker, possibly a Chartered Accountant, whose role will be to develop creative lending opportunities and negotiate complex lending packages. You will work within a team of 13 headed by a main board Director, and be able to utilise the skills and experience of other executive staff for support services. Company contact will be at Finance Director level and it is unlikely that executives aged less than 30 will have the necessary maturity and experience to handle this marketing orientated position.

In addition to maturity and a comprehensive understanding of corporate lending facilities, candidates should have a demonstrable proven record in successfully negotiating a range of merchant banking facilities.

County Bank continues to increase its staff, a direct result of actively marketing it's comprehensive range of financial, advisory and investment services which has increased the overall volume of business. We see this continuing expansion, both in London and the regional offices, providing career opportunities at all levels and movement of staff between London and the branches already takes place.

If you would like the challenge of working in an expanding organisation where the emphasis is on innovation, and you feel you have the necessary qualifications for this position, please send a detailed CV including current remuneration package, to:

Ian Carlton,
Assistant Director (Personnel),
County Bank Limited, 11 Old Broad Street,
London EC2N 1BB

COUNTY BANK

National Westminster Bank Group

FINANCIAL PLANNING & CONTROL

c £15,000 plus benefits

The TSB Group Central Executive requires an accountant in its Finance Division. The position provides an excellent opportunity to gain wide ranging experience with specialists performing technical work of a high standard.

Reporting primarily to the Financial Manager, Planning and Control, responsibilities include:

* Analysis and interpretation of performance
* *Investment appraisals and ad hoc projects*
* *Preparation of financial management reports*

Candidates for this City based appointment will be qualified accountants, probably in their late twenties. Experience of banking would be useful.

The successful candidate must be able to communicate easily with all levels of staff and will have a flexible approach in his/her work.

Benefits include a mortgage subsidy, non-contributory Pension Scheme and free BUPA membership.

TSB

Applications giving full details of career and experience to date should be addressed to – Mr H. B. Nichol, Head of Personnel Division, TSB Group Central Executive, 3 Copthall Avenue, London EC2P 2AB.

NEW LEASING TEAM **£20-£40,000 + Benefits**

An International Bank seeks to establish a new leasing special projects team. Candidates ideally aged 28-40 years (ACA, MBA, Degree) must have at least five years in big ticket — major asset financing, covering both marketing and technical, including cross-border, ECGD etc. Three people are sought to fill positions in the above salary range.

Please contact: Brian Gooch

EUROBOND TRADER **£15,000 + Subs. Benefits**

A major bond trading house is seeking a young dealer with experience of either U.S. or Japanese convertibles. Other traders may be of interest, but must possess the ability to adapt quickly in this area.

Please contact: David Little

CREDIT OFFICER/MANAGER **c£15,000**

This well represented International Bank wishes to appoint a senior credit officer to lead its very active credit assessment department. Ideally aged between 30-35 (consideration will be given to applicants outside this range) with a minimum of seven years relevant credit work including report writing and recommendations. Staff management is an important aspect of this appointment.

Please contact: Richard Meredith

Jonathan Wren BANK RECRUITMENT CONSULTANTS

170 Bishopsgate · London EC2M 4LX · 01 623 1266

SENIOR INVESTMENT RESEARCH MANAGER

£ Substantial + Car + Benefits

MIDLANDS

Our Client is one of the U.K.'s leading specialists in financial analysis, advice and investment research.

They have grown rapidly over the past four years and are eble to boast an unrivalled performance record in the competitive field of high risk and medium risk investments.

This success has been firmly founded on extensive in-depth research of the highest calibre. And to this end they now seek a Senior Investment Research Manager.

Reporting to the Managing Director who himself is responsible for research and investment policy, yon will be directing a 40 strong team. And, working from factual data, conducting complex mathematical, statistical and advanced technical analyses of the movements of stocks and shares, commodities, currencies and interest rates world-wide.

Quite frankly we are looking for an innovator capable of a high degree of original and creative thought in the area of investment analysis, who is looking for the opportunity to push the limits of this type of research even furthef.

The successful candidate, male or female, will be of graduate calibre and must be able to demonstrate the relevant background and potential. It is nnlikely that anyone under the age of 30 will have gained the necessary depth of experience for this key post.

A very substantial salary will be offered plus bonus, car and usual benefits.

Relocation will be paid where eppropriate.

Please write with C.V. in complete confidence to: Malcolm Silver or telephone him for a personal history form.

Silver & Robb Associates, 4-6 Victoria Terrace, Leamington Spa, Warwickshire CV31 3AB. Telephone: (0926) 36639.

SILVER & ROBB ASSOCIATES

CORPORATE FX & STERLING DEALERS

Money Management with a Commercial Outlook

Our client, a major engineering based group with substantial export market interests, operates a small but highly sophisticated treasury function.

Following internal re-organisation, two additional senior positions exist in the London office.

The Department has a broad-based involvement in the entire commercial activity and combines an advisory role with that of Foreign Exchange and Sterling dealing. An internal computer system is used to support these operations.

The appointments offer substantial scope for those candidates with relevant experience to broaden their knowledge of treasury operations within a commercial environment.

FOREIGN EXCHANGE DEALER

c.£16,000 + car

Responsible for the efficient operation of F.X. policy, entailing all aspects of dealing and exposure management. Strong analytical skills should be allied to at least 3 years experience of F.X. markets.

STERLING DEALER

c.£14,000 + car

Responsible for formulating and enacting UK dealing strategy involving several hundred million pounds of facilities. Will advise on overall money market policy. A minimum of 3 years experience is required.

Applicants, male or female, will ideally be aged between 25 and 35. Salaries are negotiable in the areas indicated, based on age and experience. Excellent and wide-ranging company benefits apply.

LBW

LOCKYER, BRADSHAW & WILSON LIMITED

Please write, in total confidence, with full career data and an indication of present salary and benefits. Alternatively please telephone for an application form. Closing date for applications Monday 7th February 1983. The Recruitment Co-ordinator (Ref CRS 259), Lockyer, Bradshaw & Wilson Ltd., 178 North Gower Street, London NW1 2NB. (01-387 8943).

Science and Engineering Research Council

COLLABORATIVE TRAINING AWARDS (CTA) 1983/84

GRADUATES: SERC offers support for 12-15 months to science and engineering graduates holding at least a 2(1) degree to undertake research on projects jointly devised by academic institutions and industrial/commercial organisations. The work is usually linked to the acquisition of an MSc/Diploma.

INDUSTRY: CTA provides an economic way of carrying out research and solving design and manufacturing problems within a reasonably short timescale.

OPPORTUNITIES: A list of projects currently approved and available for take-up (some immediately, the remainder from October 1983) may be obtained from SERC.

Requests for awards and new project approvals should be submitted by Heads of University/Polytechnic Departments.

Further details are available from SERC (PTSS), Polaris House, North Star Avenue, Swindon, SN2 1ET. Tel: 0793 26222, extension 2138.

serc

DIVISIONAL DIRECTOR

A major British Group of Engineering Companies will appoint a Divisional Director responsible for the running of its international units. Each unit is run as a quasi-antonomous profit centre by a Managing Director.

Applications are invited from professional engineers of graduate standard with previous senior responsibilities. Knowledge of manufacturing problems, commercial acumen and an appreciation of world markets are all significant requirements.

Prospects for the future personal development of the successful candidate are excellent.

Applicants aged less than 30 or currently earning less than £22,000 p.a., and without major previous responsibility, are unlikely to possess the characteristics or breadth of experience required.

Enquiries will be treated with absolute discretion and initial letters should be sent to Box A.8058, Financial Times 10 Cannon Street, London EC4P 4BY

OIL & GAS

We are looking for en econbmist with et lenst 4-5 years' experience in the internationnl oil business. The suitable candidete will assist in expanding our oil end gas economics consultancy for mejor internationel oil companies, banks and governments.

Please apply in writing to:

The Group Economist

Petroconsultants
30 St. James' Square
London SW1

Investment and Financial Analysis

J. Henry Schroder Wagg & Co. Limited is looking for an experienced analyst to join its established Research Department. The successful candidate will assume responsibility for research in a specialist area within a short time. Career prospects within the Schroder Group are excellent.

Candidates should be aged between 25 and 28 and have first class qualifications including a good honours degree and/or professional qualification. At least two years' experience as an analyst with a financial institution or stockbroking firm is essential.

A fully competitive salary is offered together with an attractive range of benefits.

Applications in writing with full curriculum vitae, should be made to:

J. R. Lambert Esq.
J. Henry Schroder Wagg & Co. Limited
120 Cheapside, London, EC2V 6DS.

Schroders

APPOINTMENTS WANTED

CABLE TELEVISION

Returning Brit ro UK with fourteen plus years top executive management American Cabin Television experience. Covers ell nspecte of cabin operations including system design and construction, marketing, finance, programming and microwave interface.

Hnve own self written HP computer feasibility and operational software program studies.

Seeking position in UK or Europe in emerging cable television pperations pr manufacturing equipment industry.

Write A8062, Financial Times 10 Cannon Street, London EC4.

MBA/C.Eng

Recent MBA and science graduate, with a background in the high technology sector and eight years experience of professional technical management, now seeks a career position. Is adaptable and hard working with interests ranging from Technology through to Marketing and Finance.

Write Box A.8055, Financial Times, 10, Cannon Street, London EC4P 4BY.

OFFICE MANAGER SECURITIES

Rapidly expanding Licensed Dealer in Securities, part of e substantial Internationnl group, requires an Office Manager to rationalise and maintain administrative systems. Full experience of Stock Exchange procedures is necessary and some experience of computerisation an advantage. Successful applicant will work from small, busy Central London office. Remuneration package by negotiation.

Apply Box A8060 Financial Times 10 Cannon Street, EC4P 4BY

DIRECTOR OF PORTFOLIO OPERATIONS

A leading internationally-orientated merchant banking group requires the services of a Director of Portfolio Operations for its London subsidiary. The positioo will carry the responsibility of managiog the deployment of oearly $100 millioo of funds in the mooey and capital markets and overseeing the developmeot of a securities trading and dealing team. Additional functions will include responsibility for the group's banking and treasury relations. The position entails considerable responsibility and the successful applicaot will report directly to the Managing Director.

A salary of £40,000 is offered for the right candidate, together with addidooal beoefits including a mortgage subsidy, BUPA, life insurance, and a motor car. An annual performance-related boous will also be offered.

Reply in confidence to Box A.8063, Financial Times 10 Cannon Street, London EC4P 4BY

FINANCIAL

We are interested in meeting persons with impeccable credentials whose activities currently entail personal contact with investors or othern who may be interested in high return venture capital projects interest £3,000 sterling upwards. Remuneration which in on a best-efforts basis is not envisaged as being less than 20 K per annum in addition to existing earnings. The positions may ideally suit persons with an established portfolio of clients and who have regular contact with brokers and accountants. Absolute discretion guaranteed. Respondents:

AZTEC TECHNOLOGY INC.
for an informal discussion.

Write Box A8061, Financial Times 10 Cannon Street, London EC4P 4BY

International Appointments

HONG LEONG SECURITIES

INVESTMENT ANALYST

To Enter Far East Stock Markets

We want a young, professional analyst to come to Hong Kong and use his skills on South-East Asian stock markets. Must be able to train local staff and be enthusiastic to develop an existing institutional research department. This is a management post in a young and highly motivated stockbroking firm with an international clientele.

- S.E. Asian experience preferred but not essential.
- Demanding environment but potentially rewarding.
- Independent arm of US$20 billion Asian group.
- Must be willing to adapt to the dynamic pace of Hong Kong.

Apply: Max Caven, Manson Finance Trust plc, Henrietta House, Henrietta Place, London W1M 9AG.

RPL REDIRECTION PLACEMENT LIMITED

Financial Executive

In excess of £32,000

Our client, one ot tha largest employers in Africa, has a successful and long-established operation in the multi-disciplined field ot heavy engineering.

The appointment is associated with the Company's ambitious development plans and financial strategy which includes the accounting, management services and treasury functions as well as data processing.

In addition, full participation in financial affairs related to international monetary negotiations with banking and government organisatione will be required trom tima to time.

The successful candidate will have excellent qualifications end, ideally, be in the age group 40-5S, preferably with high managerial experience at board-room level.

The post will demand a high standard ot leadership and offers chellenging opportunities to a person with the overall capacity to work under pressure.

The appointment is on an initial three-year contract basis, renewable by mutual agreement. The terms and conditions of service are excellent with numerous benetits.

Applicants should write, enclosing a comprehensive curriculum vitae, to:–

Redirection Placement Limited, 16-28, Tabernacle Street, LONDON EC2A 4BN quoting Reference RPL 001.

BANKING

FINANCE AND SECURITIES

PARIS BASED

French Bank with large international presence and activity offers Paris based position to young British executive as member of finance and securities department team in charge of relationship with foreign institutional investors. Experience of U.K. financial markets and contacts with U.K. institutional investors helpful. Good French essential and German an advantage. Attractive salary and career prospects within Bank in France, and later overseas.

Write with full c.v. to:

Box A.8051, Financial Times, 10 Cannon Street, London EC4P 4BY

EXECUTIVE SEARCH

NEW YORK

Consultant with specinlist experience in Interntionnl Financial Mnrkets required to operate out of Wnll Street offices on high commission basis. *Replies to Box A8059, Finoncial Times, 10 Cannon Street, London EC4P 4BY.*

Vary well-known and established
SWISS FINANCIAL COMPANY
with outstanding record in money mennagement for individuals nnd companies is looking for well connected

AGENTS/REPRESENTATIVES

to merkel its services, also in the field of loreign nxchange risk mnnagement, medium-term financing as well as fiduciary/trust activities for clients including reinvoicing. Particulerly interested in EEC countries, Middle East, Latin America.

Write in fullest confidence to Box A8054, Financial Times 10 Cannon Street, EC4P 4BY

RIYADH SAUDI ARABIA

Repidly growing financial and investment consulting firm is seeking two professional consultants:

FINANCE & INVESTMENTS
ORGANISATION & COMPENSATION

Candidates should have MBA, MS, or PhD with 3 or more years' experience. Arabic lenguege preferred but not required. Tax free salery US$40-60,000 plus allowances to cover housing and local transportation, good leave provisions.

Please contact:

THE CONSULTING CENTRE FOR FINANCE & INVESTMENT
PO Box 2462 Riyadh
Saudi Arabia
Tel: Riyedh 478 2525
Telex: 202690 SCC SJ

EMPLOYMENT CONDITIONS ABROAD LIMITED

An Internationnl Associntion of Employers providing confidential information to its member organisetions, not individuals, relating to employment of expatriates and netionals worldwide

01-637 7604

FOREIGN EXCHANGE BROKER

Expanding Munich brokerhouse looking for experienced staff for our spot, forward and deposit sections.

Please Applications in confidence to Mr Schwimmer DARRAS, FUNK U. SCHWIMMER, DEVISENMAKLER
Bayerische Börse—Lenbachplatz 2a, 8000 München 2
West Germany 89/554821

PERSONAL ASSISTANT SECRETARY

HONG KONG

An international professional firm is seeking a P.A./Secretary to partners, for regionnl head office. Good skills and proven ebility in administration nre essentiel.

Because local conditions of service npply, this post will suit someone already planning n move to Hong Kong eerly this yeer.

Applications to:

Miss A Hunt, Essex House, 12-13 Essex Street, London, WC2R 3AA.

Financial Analyst

AMSTERDAM TO £15,000

N.V. Indivers is a Dutch multi-national consisting of 23 companies in the UK, USA, Singapore, Italy, Germany and Holland. Our companies are active in the field of gas turbine repair, OEM work for the aero-engine manufacturers, the semi-conductor and the tooling industry.

We are looking for a Financial Analyst for our small headquarters, located at Schiphol Airport. Primary duties will consist of the evaluation of new business applications, including new investments, analysis of general financial and business trends and monitoring the liquidities, receivables and currency position of the 23 operating companies.

The candidate should have an MBA degree, with three to five years' experience in a similar position with either an industrial firm or an international bank. As the position will involve travel the candidate should be single.

Applications should be sent to Mr J.W. Lamain, Personnel Manager, N.V. Indivers, P.O. Box 7759, 1117 ZM Schiphol Oost, The Netherlands.

NV INDIVERS

COMPUTER ANALYSTS/PROGRAMMERS

One of the largest Saudi Arabian companies seeks three analysts/programmers with a minimum of 2 to 3 years cobol experience of any vendor.

An appropriate salary will be paid, commensurate with experience, plus free accommodation, medical benefits, air-tickets, a bonus and also end of service indemnity facilities.

Please reply with CV to:

BOX A.8053
Financial Times,
10, Cannon Street, London EC4P 4BY.

Accountancy Appointments

Manager Financial Policies & Procedures

c.£18,000 + car

Our client is one of the top 50 UK Industrial Companies with a diversified business which it operates worldwide. As such it provides extended career opportunities to executives with the ability, energy and dedication to deliver positive results.

The Finance function plays a strong role in the Management of the Group, and is well respected. What is now required is the finalisation of a manual of finance policies and procedures – a project which is expected to take 18 months to complete.

Applicants, preferably in their 30s, should have a successful record in the profession and industry, a grasp of the financial control and accounting requirements of a Group of International proportions, and the ability to move the various projects through to completion. The potential for promotion at Group Centre, Divisional or Operating Company level is important. Base location is Central London.

Applicants, male or female, should apply in confidence quoting reference L40, to:

Brian Mason, Mason & Nurse Associates,
1 Lancaster Place, Strand, London WC2E 7EB.
Tel: 01-240 7805.

Mason & Nurse
Selection & Search

Financial Controller

Rural East Midlands **c£18,000 + Car**

Our client is trading profitably in the manufacture and supply of agricultural machinery with an anticipated turnover of £20 millioo this financial year.

With plans to continue their impressive growth record in the future, there is e requirement for a commercially-minded qualified accountant to join the established management team and make a positive contribution in achieving the potential financial benefits from this growth. As an integral part of that team the responsibility of this new position will be to develop, control and manage the eccounting, computing and company secretarial functions.

The successful applicant, agad 35-45, will bave tha combination of professional and managerial skills and the practical experience of introducing new systems, including computerisation, which the challenges of this position demand. These attributes will have beeo gained in either an engineering or manufacturing environment.

In the first instance, please write in complete confidence, submitting e curriculum vitae and quoting reference number 5579/45 to:—

Peter Childs,
Pannell Kerr Forster Associates,
Lee House,
London Wall,
London EC2Y 5AL

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

Chartered Accountants
International Career Development

Our client is the European division of a highly successful American engineering group – a market leader within its field. Expansion has led to the relocation of its Head Office to rural Buckinghamshire. There are excellent prospects within the group for two young accountants to join the financial team.

Financial Management
c£12,000 + Car

This is a challenging position involving financial management reporting to the U.S., acquisition studies, exposure to corporate taxation, use of micro-computer for financial modelling. Effective communication skills and proven financial experience are essential.

Operational Review
c£11,000 + Car

A role involving 50% travel within Europe and the U.K. which is dependant upon a good working knowledge of French. Duties include financial appraisal and operational audits; exposure to E D P auditing would be a distinct advantage.

Applicants interested in these positions should contact John Archer on 01-242 0965 or write to him at 31 Southampton Row, London WC1B 5HY.

MP
Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester Glasgow

FINANCIAL CONTROLLER

London c.£20,000

Our client is the holding company of e quoted group with e number of overseas subsidiaries and associates.

Reporting to the executive chairman the financial controller will be responsible for all aspects of group accounting and the provision of financial services.

Group activities include the export of magazines, books, newspapers and allied products, supporting overseas subsidiaries and associated companies engaged in distributing through retail outlets. There is also air-chartering and forwarding and a computer service bureau. Further developments are planned and the successful applicant will be required to evaluate financially these proposals.

Candidates must be qualified accountants with relevant experience, some of which must have been gained in a service industry. The preferred age range is early 30's to 45. Success in this position will lead to early appointment to the main board. Applicants should send a career review and brief personal details quoting reference FT/113/A in confidence to D W E Apps at:

E&W
Ernst & Whinney Management Consultants
Becket House, 1 Lambeth Palace Road, London, SE1 7EU.

Financial Director
FOR INTERNATIONAL DIVISION

The rapid and successful growth of the Bulmer Group has created an opening for a new financial appointment in its International Division.

The International Division of Bulmers has ambitious plans to expand and further develop its existing activities in cider and fruit juices, both through export from the UK and by further investment in overseas operations.

In order to achieve these development plans, the Managing Director of the International Division is seeking to strengthen his divisional management board by the appointment of a financial director. This appointment will be based at Group headquarters in Hereford but will require some overseas travel. The financial director will answer directly to the International Division Managing Director and there will also be a functional link to the Group Financial Controller.

The key tasks include:-

- □ to monitor and control the day to day accounting for the Hereford-based export activity;
- □ to develop the financial control and reporting for existing overseas activities in Australia and various African territories;
- □ to assist the International Managing Director in identifying and implementing development opportunities overseas.

The Group provides excellent terms of employment, including financial assistance with relocation, a non-contributory pension scheme and a profit sharing scheme. Applicants, male or female, preferably chartered accountants in their early thirties and with experience of overseas accounting, acquisition and tax matters, and who are currently earning not less than £15,000 p.a., should write in the first instance, with brief particulars, to

M. E. Pearce, Group Personnel Director, H P Bulmer (Holdings) P.L.C., The Cider Mills, Plough Lane, Hereford, HR4 0LE.

Bulmers. Your kind of company.

Management consultancy

Birmingham and Reading
£13,000 to £17,000

C&L

We are one of the largest international firms of management consultants and are seeking high calibre accountants to join our rapidly growing practice in the Midlands and the South of England.

We expect candidates, eged 28-34 and preferably graduates, to be currently working in manufacturing industry or commerce and have experience of:–

- management information systems
- financial analysis and project appraisal
- product costing
- profit improvement and cost reduction
- computer based systems.

We offer:–

- an opportunity to develop your technical and business skills and participate in multi-discipline teams
- a wide range of assignments including systems design and implementation
- an opportunity for rapid career and salary progression
- a base in Birmingham or Reading.

Résumés including a daytime telephone number, for the Midlands vacancies to Robert Bradford at the Birmingham address below, quoting Ref. FR636 and for the South of England to Neil Drummond at the Reading address below, quoting Ref. FD20/72

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
43 Temple Row, Birmingham B2 5JT
Bridewell House, 6 Greyfriars Road, Reading, Berks RG1 1JG

FINANCIAL DIRECTOR

ROHAN

Dublin **IR£30,000+pa**

Rohan Group Plc is a property development and construction group operating in the commercial and industrial sector. The Group is rated one of the most successful Irish public companies. It has expanded rapidly in Ireland and now operates in the UK and is developing a US operation.

As a Group Main Board Director you would be a member of a small informal and technically competent management team. You would be required to provide the financial forward thinking for the Group internationally, as well as ensuring a high level of efficiency in the financial systems within Ireland and abroad.

To be considered you must be a chartered accountant and have held a senior financial position in a major company or institution with a turnover of at least £30m.

Your name will not be released until we have briefed you and you have given your consent. Please write to me, Terence Hart Dyke, Consultant to the Group.

Business Development Consultants
27 Upper Fitzwilliam Street
Dublin 2

BDC

FINANCIAL ACCOUNTANT

Lloyd's Brokers **Age 23-26** **Neg. £13-14,000**

A large firm of Lloyd's insurance brokers, based in suburban Essex and near good public transport facilities, intends to create a new post for a recently qualified Chartered Accountant, ideally with an interest in tax. He or she will join a small team responsible for financial accounts and their interpretation: consolidations, final eccounts and tax. The successful candidate will act as technical officer to the accounts department and will probably be involved in accounting for some overseas companies, requiring occasional travel.

This is a rare opportunity to enter the dynamic environment of insurance broking with a Group which holds a strong position in the market. It will provide a sound introduction to accountancy in the insurance industry, which offers excellent prospects for career development and security.

Please apply to Sir Timothy Hoare.

Chichester House, Chichester Rents. Career plan LIMITED London WC2A 1EG. Tel: 01-242 5775
PERSONNEL CONSULTANTS

FINANCIAL CONTROLLER 16-17K + Car

This rapidly expanding subsidiary of a major U.K. group seeks a qualified ACMA, aged 30-35, to take complete financial and management control of one division. Suitable candidates should possess excellent commercial awareness, a solid track record, preferably in high technology electronics and the ability to take a long term view. Working environment and prospects are excellent. BUCKS. REF: SC/1028J.

CHIEF ACCOUNTANT £13,000 + Car

This substantial subsidiary of a diverse group is making attractive profits and requires a Chief Accountant with drive and expansionist views. Main responsibility will be the tight control of the accounts function, but will also be involved in the design and implementation of improvements to the EDP systems. Aged about 30, qualified, you will have good man management and computer experience. N. W. LONDON. REF: VMD/1043F.

PLANNING & ANALYSIS £12,000 + Car

This U.S. subsidiary seeks a young, recently qualified accountant to co-ordinate various planning functions and undertake financial analysis. The role offers considerable contact with general management. Candidates should be effective communicators and possess analytical experience gained within a multinational company. SURREY REF: JG/1001J.

PROJECT CONTROLLER £11,500

A leading company within the computer industry can offer a young, self-motivated accountant a broad role plus career prospects. The successful candidate will have considerable contact with Product Managers in this full-charge position controlling various development projects. Applicants should be qualified accountants possessing broad experience and good communication skills.

BROADER HORIZONS £10,500 + Car

Expansionist opportunity for a recently qualified ACA to join the manufacturing subsidiary of a U.S. multinational. The post of Project Accountant will cover, budgeting, forecasting, capital expenditure appraisal, profitability studies and company secretarial work. Candidates will gain broad experience and can expect rapid promotion. BUCKS. REF: SC/1035F.

All applications will be treated in the strictest confidence.

R-H
ROBERT HALF
LEE HOUSE, LONDON WALL, EC2. 01-606 6771.
SEARCH & RECRUITMENT.

Financial Planning Manager

Slough, Berks
£12,000 + 2-litre car

This £12 million subsidiary of a major US group, develops and manufactures high-technology fire/explosion detection and suppression systems for world-wide military and civil markets.

The Financial Planning Manager will be responsible to the Financial Controller, for the compilation of plans and forecasts and for the analysis and interpretation of their subsequent performance. This key appointment, in an environment where standards of reporting are continuously upgraded, provides a superb platform for career progression.

Applicants should be graduates, preferably qualified accountants, with experience of financial analysis and financial modeling techniques.

The usual large-company benefits apply including relocation assistance, where necessary.

Write with full personal and career details to the address below, *quoting ref: R2807/FT on the envelope.* Your application will be forwarded directly to the client unopened, unless marked for the attention of our Security Manager with a note of companies to which it should not be sent. Initial interviews will be conducted by the client. Men and women may apply.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE
Tel: 01-235 6060 Telex 27874

PA

A member of PA International

MARKETING ACCOUNTANT
with growth potential

c. £16,000 + Car

This successful subsidiary of a U.S. multinational can offer real career prospects to an ambitious, commercially eware accountant. This key appointment is regarded es a stepping stone to the position of Associate Director, Finance. The newly-created position of Marketing Accountant offers exposure to senior management at board level and considerable contact with Product Managers. The role encompasses sales forecasting, pricing strategy, promotion activity and new business development. Applicants, aged 27-32, should be qualified accountants with a proven track record, preferably in an F.M.C.G. environment. Ref: JG/1064E BASED SURREY

Please apply directly to:

ROBERT HALF
LEE HOUSE, LONDON WALL, EC2. 01-606 6771

City Treasurer

Salary—£19,839 to £21,243 per annum
(J.N.C. Conditions)

Arising out of the retirement in May 1983 of our present City Treasurer, Mr. E. E. Walder, we invite applications from fully qualified professional accountants with wide experience of financial control and proven managerial ability.

Generous relocation expenses in approved cases.
Application form and job details from:

City Personnel Officer, The Council House, Derby, DE1 2FG.
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Thursday January 27 1983

The stakes in Geneva

THE U.S.-Soviet negotiations on intermediate - range nuclear weapons based in Europe (INF), which reconvene in Geneva today, are the focus of seething controversy between America and its European allies, and may well prove critical in the West German elections which take place on March 6.

A satisfactory outcome of these negotiations would do much to alleviate trans-Atlantic friction, but it would not remove its underlying causes. For the Euro-missile controversy is not primarily about numbers, types and *location of missiles*, but about European mistrust of the U.S., and the difficulties of managing an alliance divided by the Atlantic ocean.

Io the 1970s, some west European leaders, notably the then German Chancellor, Helmut Schmidt, became concerned that the Soviet Union'a newly-acquired parity in long-range nuclear weapons was undermining the credibility of the American nuclear deterrent as the ultimate protector of the European end of the alliance. This fear that a Soviet attack on western Europe might not elicit an American response, was exaccerbated as the Soviet Union started deploying new intermediate-range SS 20 missiles targeted at western Europe.

In the past three years, since the publication of new U.S. targetting doctrines, and even more since the election of President Reagan, large numbers of people in Europe have been troubled by an opposite fear: that the U.S. might be moving from a deterrent to a war-fighting doctrine, and migbt even be contemplating the possibility of a nuclear war confined to Europe.

Opposite

Both these fears have been unnecessarily damaging to confidence in the alliance. There are inescapable uncertainties, in an age of parity, about the U.S. deterrent's credibility for Europe; but that credibility would have to drop to zero before the Soviet Union could disregard it.

The hard-liners in the Reagan Administration bear a heavy responsibility for stirring up alarm in Europe, with their reckless talk about war-fighting; but the Reagan rbetoric *should* not be allowed to distract attention from the fact that the nuclear balance *is* still very stable. Some experts, like Professor Michael Howard, believe that it is so stable, given the redundancy of nuclear weapons on both sides, that Nato does not need to match the SS 20s in order to maintain effective daterrence.

Nato has committed itself to the idea that the SS 20s must either be negotiated away or else matched on the western side. But this is almost certainly no more than an opening bid. The practical problem facing tbe U.S., is two-fold: how to maximise the chances of a successful negotiation in Geneva, and bow to restore public confidence in the alliance *if the negotiations fail*, ao that new weapons can be deployed on the Nato side.

Opinion

Tbese two problems are inter-twined: European support for deploying new Nato weapons will wither if the U.S. does not seem to be negotiating realistically, and the Soviet Union will withbold concessions in Geneva if it perceives a withering of European support for deployment.

Since its forthcoming elections may crucially determine West Germany'a stance on the Euro-missiles, the Geneva negotiations sre likely to mark time until Marcb 6. A public shift in the U.S. negotiating position is unlikely to elicit any Soviet response before then; how it might influence German opinion is much more debatable. Bnt since it must be Nato's objective to achieve an equal balance at the lowest possible level, it might be belpful for the U.S. to spell out this objective *explicitly*.

At the same time, the U.S. should respond positively to the Soviet offers to negotiate balance reductions of sborter-range nuclear missiles in Europe, and to negotiate bans on chemical weapons, on weapons in space, and on all nuclear testing.

In the medium-term, Nato needs to think hard about what is needed to restore mutual confidence in the alliance between Europe and the U.S.; its INF policy was designed to achieve this, but in the current phase is having the opposite effect. If Europe is made nervous hy ha unpredictable consequences of the American presidential system, then it can only alleviate that nervousness, and carry more weight in Washington, if it becomes more self-reliant *ond more united* in its own defence. President Mitterrand's defence overtures to Bonn suggest that even France is beginning to think in this direction.

Competition in banking

FOR THE best part of two centuries the British building society movement has been almost exclusively concerned wtih the provision of housing finance. Today, however, the building societies are under iocreasing competitive pressure from the banks and anxious to widen their focus. No one could accuse them of a want of vision in the light of the Building Societies Association's latest proposals for a new legislative framework—though their competitors may well mntter about *folie de grandeur*.

There is no question that legislative reform is overdue in this area. Such are the restrictions under wbich the building societies operate that they cannot lend except in the form of first mortgages secured on property. In this and other respects they compete with the clearing banks witb one hand behind their back. Additional powers that allowed the building societies more flexibility in lending for house purchase would be welcome.

Refreshing

When it comes to widening the scope of their activities outside the housing market the building societies' ambitions are more controversial. The BSA report calls for powers that would allow thcm to offer a total package to the housebuyer, complete with estate agency services, structural surveys and conveyancing. It also contemplates a bold incursion into insurance, money broking, unit trust management, bire purchase and commercial banking, together with a push into Europe.

This readiness to take on entrenched interesta is in one sense refreshing. Tbe building *societies have already shown* themselves to be more successful than the banks in tapping the savings of the under-banked British public. Their competition has prodded the clearing bank oligopoly into a more respectful attitude to the consumer, notably in relation to opening bours.

The clearing banks' move into bome lending has, meantime, made it harder for the building societies to connive with politicians at feather-bedding householders at the expense of the savers who constitute a majority of their so-called shareholders.

Yet the building societies' very success *has* caused a monumental distortion in the financial system; for the best of motives, they divert excessive credit into the housing market. Turning building societies into fully-fledged banks would have tbe beneficial effect of ironing out some, if not all, of that distortion.

Challenge

This would, however, pose a major challenge for monetary policy and supervision; just as competition in estate agency and other aervices would require atringent disclosure if conflicts of interest were not to arise. And the BSA's transparent determination to keep building society boardrooms immune from consumer pressure sits ill with the call for an enlarged role.

In a coy reference to supervision the BSA indicates that it would prefer its members to remain under the eye of the Chief Registrar of Friendly Societies, while the wider financial *activities* were undertaken by subsidiaries that would be aupervised by other appropriate autborities. Investment in the higher-risk activities could, it suggests, be subject to prudential limits.

Substitute

However, in a world where building society deposits are becoming an increasingly close substitute for notes and coin and where the building societies propose to move into more risky banking territory, there is *an overwhelming case* for bringing them within the Bank of England's supervisory net.

By all means let us have more competition, and if a properly regulated package service for bouse purchase and sale can remove some misery from this needlessly painful activity, so much the better. But the building societies are, in the absence of a more radical supervisory upheaval, seeking to have their cake and eat it.

NUCLEAR WEAPONS

A guide to Europe's missile controversy

This morning, across a green baize table in a room high above Lake Geneva, Soviet and American officials will reopen their negotiations on nuclear weapons in Europe. Rarely have arms talks been so much in the public eye. Rarely has so much appeared to depend upon their outcome. Already the issue of nuclear weapons in Europe could sway the West German election on March 6. It is also bound to figure strongly in Britain's election, due before May next year. Bridget Bloom, our defence correspondent, and our correspondents in European capitals analyse the key questions.

What are cruise—and Pershing—missiles?

A ground-launched cruise missile (GLCM), known as a Tomahawk looks like e winged torpedo. It is 18 ft long, only 21 in diameter, and with an 6 ft 6 in wingspan. Its single 200 kilotron nuclear warhead, not considered large by today's standards, is 10 times the size of the Hiroshima bomb.

It has two key features. It is mobile, four missiles fit into a towed launcher vehicle. Four of these launchers, with 50-60 operating personnel and up to two dozen control vehicles, constitute a "flight," which in the build-up to war would leave their bases for covert deployment elsewhere.

It is nearly undetectable by radar: fitted with an inertial and terrain contour matching (Tercom) guidance system, a cruise missile can fly just 50 ft above water and 150 ft above the ground. With its flight path designed to "bug" the contours, it bas the radar cross-section of a seagull, a range of 1,500 miles, and an ability to hit its target within 100 ft.

The Pershing 2 by contrast is a fixed-site ballistic missile, faster, more accurate and longer range (1,800 kms) than the Pershing 1 it is to replace. From sites in Germany it can reach Russian targets in 6-14 minutes, while a cruise missile would take some two hours.

Why are cruise missiles being deployed?

Nato has decided to deploy GLCM's for political as well as military reasons. Former German Chancellor Helmut Schmidt is credited with being the first to note publicly, in a speech in 1977 in London, that the credibility of the American "nuclear umbrella" in Europe was in need of strengthening.

By the late *1970s*, the USSR had caught np with the U.S. in strategic nuclear weapons (i.e. of inter-continental range). This nuclear balance between the super powers, then being formalised in the Salt 2 treaty, had both military and psychological implications for European Nato governments.

Militarily: Nato argued that the superpower balance in strategic weapons threw the imbalance in intermediate-range (or intra-European) weapons into stark relief. In particular, the U.S. was seen as having no weapons to balance the new Soviet SS20 missiles which had begun to be deployed in 1977.

These are land-based but mobile ballistic missiles, fast, and with a range of 4-5,000kms. Each missile has three very accurate independently target-able warheads.

Nato argued that the best match for the SS20 militarily would be a combination of Europe-based cruise and Pershing missiles.

Bnt the key to the *1979* decision to deploy the American-owned missiles was political. European governments feared that with the superpower parity in strategic weapons, the U.S. might not be prepared to pull the nnclear trigger if the Soviets attempted to limit a war to Europe. The new Euro-missiles were thus seen as tying in or, in the jargon, "coupling" the U.S. to the defenca of Europe.

European governments refused the U.S. offer of joint firing arrangements for the missiles—partly because of cost but mainly because Europe felt that the U.S. guarantee or "coupling" would be seen by Moscow as firmer if the missiles were wbolly U.S. owned and operated. Political pressure for such dual key arrangements is bowever growing

Where are the missiles being deployed?

The decision to deploy 464 cruise missiles and 108 Pershings was jointly taken by Nato's 15 member governments in December 1979. Deployment will be in five countries. Germany will have all the Pershings and 96 cruise. The other cruise are split between Britain (160) Italy (112) and Belgium and the Netherlands' (48 each). Deployment is to being in late 1983 and to be completed hy 1986.

What is the dual or twin track decision?

The same 1979 Nato ministerial council decided simultaneously to deploy the new missiles and to have the U.S. seek negotiations with the USSR on the limitation of all intermediate nuclear forces (INF) in the European "theatre."

(Last June, parallal talks between the superpowars on reducing strategic nuclear weapons also began in Geneva. These are inevitably linked with the INF talks—there could ultimately be trade offs between the two—but are not covered here.)

How did INF negotiations begin and what is the zero option?

Following growing political pressure in Europe, the Reagan administration opened negotiations with the Soviets in Geneva on November 30 1981.

The original proposals put forward by both sides led to apparent deadlock in the first few months. President Reagan stole the beadlines in November 1981 by his zero-zero proposal: the U.S. would not deploy any of the 572 new missiles provided that the USSR dismantled all its SS20 missiles—then estimated at 250 and now at 333—as well as other missiles, like the SS4s and SS5s which the SS20 was *due to replace*.

Moscow rejected this out of hand as being unfair.

What are the key issues?

Both say they want parity in INF forces, but while the USSR maintains there is parity in systems now (975 Soviet and 986 Nato) the U.S. says there is a gross imbalance (3,825 Soviet and 560 Nato). Each side includes aircraft which the other says should not be in the equation.

There is also the problem of how warheads should be counted, since each SS20 has three, while the new Euro-missiles have only one each.

However, there is now some indication that both sides accept that an agreement on aircraft can be negotiated after one has been reached on missiles.

Even if the two sides were to agree to equalise only land-based missiles in the first instance, there are several other key issues. These include whether or not the British and *French submarine* nuclear forces should be included.

Second is the problem of geography.

About 90-100 of the SS20s are targetted on China, rather than on Europe. The U.S. wants a global total on the number of SS20s the Soviets would be allowed under an agreement, for those east of the Urals could be fairly rapidly moved for re-targetting on Europe.

There is the related question of wbether the Soviets would dismantle or destroy missiles, and what sort of verification procednres they would agree to.

Is there hope of compromise?

Since December, when tha fourth round of talks in Geneva recessed, there has been a great deal of apparent movement on the Soviet side, and apparent rigidity on the American, es U.S. leaders continue to insist on the zero option.

It was revealed in December that the Soviet delegation in Geneva had proposed a sub-ceiling of 162 missiles within its 300 "systems" total—162 is equal to the number of French and British systems. This was repeated in a major speech by Mr Yuri Andropov, the new Soviet leader, while from the visits of U.S. congressmen to Moscow, and of Mr Andrei Gromyko, Societ Foreign Minister, to Bonn it has appeared that the Kremlin would accept the destruction of some missiles and could move on verification.

The U.S. delegation leader Mr Paul Nitze is likely to open the fifth round of negotiations today by asking for clarification of these proposals from his Soviet counterpart, Mr Yuli Kvitsinsky.

Meanwbile, political factors on both sides could inhibit fast progress.

Soviet tactics, the West halleves, are to appear as reasonable as possible in the eyes of European electorates, while making no real concessions. The U.S. believes that Moscow is intent on dividing Europe from the U.S., thus undermining

On the western side, there are *clear divisions between those* who want to offer some concessions on the zero option now, and those who prefer to hold out in the hope of getting greater concessions from the Soviets

A glimpse of how things could go, if and when the time arrives for both sides to make real concessions, was afforded by recent revelations that last July, Mr Nitze and Mr Kvitsinsky went for a walk in the wooded hills of the Swiss Jura and fashioned a compromise—said to have centred on the deployment of a low number of missiles by both sides—which their governments for political reasons turned down.

If and when the political climate is right, next tima such a compromise could form the basis of an agreement.

W. GERMANY

THE DEBATE over the Euro missiles is at its fiercest in West Germany.

Bonn is not revealing sites for new missiles, ostensibly to keep the Soviet Union guessing. The actual reason is to deny a large and vocal peace movement a focus for its opposition. Independent information suggests that tha 108 Pershing-2 missiles will be installed at the Pershing-1 base at Neu-Ulm in Bavaria from late this year and the 96 Cruise in the northern Palatinate, Chancellor Kohl's political power base, in 1984-85.

The nuclear issue is dominating the current West German election campaign. Leaving aside the peace movement, and its parliamentary manifestation, the Greens, who reject the missiles out of hand, opinion polls show that the bulk of the electorate does not want deployment. For this reason, "zero-option" is the most popular solution.

However, the Germans fear most of all that the Geneva negotiations will collapse. There has therefore been a mass retreat among German politicians from the zero-option in favour of an interim solution of fewer missiles on both sides, with only Chancellor Kohl backing the U.S. formal negotiating position.

BRITAIN

BRITAIN IS due to be the first to deploy Cruise missiles. Preparations to receive at least one flight (16 missiles) in hardened shelters are well advanced at Greenham Common, despite the continued demonstrations by the women's peace movement.

Strict secrecy surrounds precise numbers and timing of deployments but some elements of the Cruise "package" are likely to begin arriving by September at the latest if the missiles are to be operational by December. Thereafter deployments will continue until there are 96 missiles at Greenham and 64 at Molesworth, in Cambridgeshire, by 1985-86.

Mrs Thatcher's government is committed to deploying the missiles unless the Geneva negotiations succeed, although the Prime Minister, hitherto the staunchest supporter in Europe of the American zero option, last week for the first time said that an agreement which involved balanced forces for both sides would be considered. The Labour Party opposition opposes deployment, while the SDP-Liberal alliance would deploy if the state of negotiations in Geneva demanded it. The Alliance, however, is advocating a "dual key" arrangement for firing the missiles.

ITALY

ITALY'S 112 cruise missiles are to be deployed at Comiso in Sicily. Site preparation is going ahead, with occasional demonstrations. Deployment will be phased over three years, beginning in 1984.

All Italian governments have strongly supported the Euro-missiles, principally as reinforcement of the U.S. defence commitment to Italy, particularly important given the modest strength of Italy's conventional forces. In the Government's view there is no question of deployment not going ahead, unless the Soviet Union should agree to the zero option and remove all its own missiles. Sig Emilio Colombo, the Italian Foreign Minister, last week again said the zero option was the most easily realisable and verifiable objective. Italy has not ruled out an interim agreement, but insists that it must involve a true nuclear balance in Europe.

There is less opposition to the new missiles in Italy than elsewhere.

BELGIUM

BELGIUM is committed in principle to the deployment of 48 cruise missiles, but only if the U.S.-Soviet talks end without any significant agreement. An area in the Ardennes has been chosen as a potential site, but construction has not started.

Belgian policy was established when the Socialist Party was included in the Government and, despite strong Nato pressure led by the U.S. for Belgium to press on with site preparation, it has survived unchanged for nearly three years, to be equally embraced by the current coalition Government of centrist Christian Democrats and conservative Liberals.

There are two overriding reasons why the Belgian Government has chosen this wait and see policy. Firstly, it is preoccupied with reversing the country's economic decline and grappling with the constant political tensions.

A second factor is public opinion: Belgian's less-than-radical population has so far failed to produce an effective disarmament movement.

HOLLAND

NATO's 1979 agreement assigns 48 cruise missiles to the Netherlands to be operational by 1986.

The new centre-right coalition Government's policy is that preparation of the missile sites will go ahead this year but that a decision on acceptance of the weapons themselves will depend on progress in Geneva and the expressed views of parliament.

So far, no soil has been broken. Mr Hans van den Broek, the Christian Democrat Foreign Minister, told MPs on January 20 that the Government was not prepared to abandon the so-called "zero option."

Dutch politicians are deeply divided, while the extra-parliamentary lobby opposed to the weapons brings together liberal intellectuals, the churches, the trade unions, students and a great many "ordinary" people.

Men & Matters

Right banker

The qualities needed for a good clearing bank chairman have always been something of a mystery. The National Westminster Bank appears to be looking for traditional virtues in appointing as its new chairman Lord "Tom" Boardman, aged 64, a solid former Conservative government minister for industry and joint treasurer of the party

He is hardly going to set the bank alight with new ideas. But bis predecessors (the last three were old Etonians) were not renowned for that quality either. And to be fair to NatWest its conservative stance may attract respect, given the turmoil in the international banking arena in these difficult days.

Boardman is a relative newcomer to banking although be did a stint on the other side of the fence as finance director of Allied Breweries in his earlier years as a Tory MP. His interests recently have centred around the chairmanship of the Steetley Company. He joined the main board of NatWest four years ago.

Boardman tells me he is "a strong private enterprise man" which is perhaps why he was chosen.

However, the elders of the bank could have taken more of a risk and either gone outside the bank or appointed a younger man. Boardman hardly fits in with NatWest's new *corporate image as* "The action bank."

Cheque mates

Oil industry veteran Dr Armand Hammer, aged 84, has not become one of the world's wealthier men by hanging about when an opportunity offers.

He was on the doorstep of the Continental Illinois National Bank and Trust Company office in New York before the bank opened the other morning. In his bot hand was a $1bn cheque which be paid in at the start of the day's business.

He was paying up just four months after his company Occidental Petroleum borrowed some $2bn to finance the first phase in the purchase of the Cities Service company.

"Saving $300,000 a day in interest is pretty good business" he said after handing over the cheqne to Roger Anderson, chairman and chief executive of Continental, and Llewellyn Jenkins, of Manufacturers Hanover Trust, which shared the loan.

Hammer is finding another $176m by getting out of Occidental's venture in the Italian chemical business with ENI. He calls that disengagement "realising the cash values present in selected assets that are not providing adequate returns."

The last word goes to the grateful bankers who welcomed Hammer on their doorstep. Jenkins said—and his words breathe the sincerity of a banker let off the book—"This cheqoe represents the largest debt reduction I have aeen in such a short time in my 36 years in banking."

Fire alarm

News that several people have been arrested after the Nigerian External Telecommunications headquarters was partly destroyed by fire will not, I am sure, come as a complete surprise.

For most of the past six months, fire engines have been stationed outside the huilding. The reason, visitors were told, was that a "scandal" had been uncovered in the NET accounts and there were fears that the culprits would try to cover their traces.

Whatever the truth of such rumours, the fact is that the fire engines disappeared two weeks before the blaze. And

"I hardly ever see him nowadays — says he has to work late whenever the pound drops"

Lagos is now convinced of mischief. The Daily Sketch—an opposition newspaper—says 50 members of the staff are under investigation about an "electronic fraud" hy which some N25m (£27m) was transferred out of the country.

There are sound precedents for such speculation. Just over a year ago, the entire block housing the Ministry of External Affairs was burned down. An official inquiry concindad that the fire had been started deliberately in the accounts department.

More recently, a aimilar blaze destroyed the accounts department of the Federal Capital Development Authority, responsible for building the new capital city at Abuja.

NET has been one of the few public corporstions in Nigeria providing a reasonable service—and businessmen operating there are deeply depressed by the prospect for communication links with the country now.

For if the fire was predictable, it seems to have caught some people with their trousers down, so to speak.

The Lagos Daily Record reported yesterday that Dr Ibrahim Tahir, NET's chairman, joined the 10 am rescue operation from his home "without shoes or undergarment" beneath his agbada robes. "The incident," be said, "is beyond words."

Tuned up

Only fitting that the fanfare which greeted the 1982 salesman of the year at London's Cafe Royal yesterday should be blown on Boosey and Hawkes' trumpets.

For it was orders for £1.7m worth of the company's musical instruments secured by group sales director Kelly Dow during a 33-day tour of nine Eastern countries that won *him* the award.

Dow's personal export sales campaign was launched within months of joining B&H. He was previously a Wiltshire-based sales consultant.

During his tour, the tubby 42-year-old mopped up orders for supplying virtually all the military and ceremonial bands of the countries he visited. He sold trumpets to the Bengal Lancers and the Indonesian Police.

The feat, achieved against strong U.S. and Japanese competition and in markets with little foreign currency to spare was judged outstanding even in a good year for British salesmen.

Dow, who received the award—sponsored by British Airways and the Institute of Directors—from Trade Secretary Lord Cockfield, sold an advice and training service along with the instruments.

He knows the importance of that—he is struggling to learn how to play the cornet himself.

Observer

ECONOMIC VIEWPOINT: THE BUDGET

How to cash in on £'s fall

By Samuel Brittan

NEARLY ALL the Budget recommendations coming on to the Chancellor's desk and into newspaper offices have been rendered out of date by the currency turmoil, the fall in sterling and the threatened (long overdue) shake-out in oil prices. It is the mark of consistency to change one's mind in the face of changing facts. Last autumn when sterling was very strong and domestic demand rising only moderately, I was arguing for a major relaxation in financial policy, which would concentrate on reducing industrial costs and boosting profits.

Since then the fall in sterling has transformed the position. Measured not by the sterling-dollar rate—which has been out of date as a measure of sterling's strength or weakness for at least a dozen years—but by the trade-weighted average, the pound has fallen by some 10 to 11 per cent.

Recent evidence suggests that a fairly rapid rise in domestic consumers' expenditure is now taking place. At the same time there has been an improvement in costs relative to foreign products and in profitability. Once businessmen have taken this on board it should make it possible for them to reconquer some of the internal UK market as well as improve their share of world markets—which, I suspect, may not be nearly as depressed as it is fashionable to assume, especially by the end of the year.

The urgent need now is to do whatever is possible to ensure that the gain from depreciation is not eroded either by domestic wage cost pressures or by a swing-back of the exchange rate to the ridiculous levels of last autumn.

It would be far better for the Chancellor to err towards the modest end of the possible range of tax remission on March 15 (please don't call it "give away"—Sir Geoffrey Howe has never given me anything) and keep some powder dry for use later in the year. The Chancellor may be inclined that way in any case because of worries about oil revenues and sterling, not to speak of innate caution.

Where the Chancellor does need prodding is on the case for mid-year adjustments. No business or any other enterprise apart from the British Government is run on the basis of secret decisions pulled out from a bag once a year. The time to take action is when one sees that one is going off course, irrespective of the date. A change in time has nothing to do with "fine-tuning," and it is a pity that politicians ever picked up that expression which they misapply so badly.

For the moment businessmen are understandably reluctant to plan sales drives or undertake investment on the basis of an exchange rate which might shoot up again—for instance if the markets catch the scent of an early election and a Conservative victory.

Of course the sterling rate is not the British Government's to command. But it would help if the Chancellor could make it clear that monetary policy will take into account fluctuations in the *external* as well as internal demand for sterling. The German or Swiss central banks will confirm that it is not inflationary to relax monetary targets or lower interest rates in the face of an appreciating currency and a falling level of *world* inflation.

Back-of-the-envelope calculations suggest that in terms of labour cost British competitiveness is back to where it was in the second half of 1979, which was admittedly a good deal less competitive than in 1975. But it would be best to avoid an unanswerable debate on what the "right" level of competitiveness is or the reliability of the statistical measures. Wage push in Britain is probably sensitive not only to employers' profitability but also to its rate of change; and a gradual improvement would be less likely to be eroded by higher labour costs than a headlong upswing.

This is all leading up to the thought that the Budget correction should not only be on the modest side but does not need to be specially biased towards industry; and before any businessmen starts to write me an emotional letter, he should say three times to himself: "Timing is all" and then read on.

My table of suggested measures for March 15 starts with the fact that Ministers are utterly determined to raise real tax thresholds to improve work incentives on the lower end of the scale, which is not as perverse a set of priorities as it seemed last autumn. The fact remains that an increase in child benefits has a much more powerful effect in alleviating the poverty and unemployment traps.

A House of Commons answer compares the effects of using just under £1bn in different ways. If it is used to take 1p off the basic income tax rate, a representative family on average earnings will gain only 20p a week; and those with below-average earnings very much less. If it is used to increase personal allowances, the gain will be 81p, through a wide range of income earners from one-half to 1½ times average earnings. If on the other hand the relief is all devoted to increased child benefits then a family with two children will gain £3.50 a week irrespective of income.

My suggestions do not go quite that far. But they do embody the proposals of the Child Poverty Action Group to increase child benefits by the 60p required to regain the April 1979 level in real terms, and also by something more to keep in line with the increase in personal allowances suggested in the Budgetary Strategy table. Together with an extremely small amount of rounding upwards this gives a benefit level of £7 a child (compared with the present £5.85). When anti-poverty considerations and economic incentives point the same way, this is the very least that is needed.

I have also taken from the CPAG the proposal to provide the long-term unemployed on supplementary benefits with the same rate as other claimants instead of one-fifth less. This section of the unemployed is suffering the greatest hardship with the smallest resources and is least likely to be put off job-seeking as a result of a modest concession.

My suggestions for March 15 also include a further half per cent reduction in the employers' National Insurance surcharge just to show that it is indeed being phased out. There is also £½bn for extra public sector investment—inserted with some reluctance in view of the miraculous claims made for this kind of spending by interested parties. But as consumers' expenditure is already rising and exports and import substitutes are being stimulated by the foreign exchange markets perhaps it is now the turn of "infrastructure investment."

There is, however, a great trap to avoid. Because of the knock-on effect of the 1982 Budget on the Retail Prices Index which will not be repeated this year, the perceived rate of inflation in April 1983 may be quite spectacularly low. The April index will be published in May, just in time for an early June election. It will be tempting to try to improve the comparison even further by failing to index altogether the specific duties on drink, petrol, tobacco and vehicles. In that way the Chancellor can take a further 0.6 per cent off the RPI. This would be a similar exercise to Mr Denis Healey's when he reduced indirect taxes before the second election in 1974 and claimed that inflation was only 8 per cent — which was very temporarily true.

In any case the low spring rate of inflation will be a temporary downward blip after which it will be bound to rise, at least for a while. The time to clip indirect taxes will be later this year when an easement will put a brake on perceived inflation at a crucial time in the wage bargaining season. This would be far better than a fool's paradise inflation rate this spring which will only make the rebound all the more of a shock. For this reason I have put in my table indirect tax cuts for consideration later in the year if sterling remains low, but monetary demand could still do with a further stimulus.

If on the other hand either despite government efforts—or because such efforts are not made — sterling recovers strongly, the inflation rebound will be less serious. In that event, it will be much more important to provide further reliefs for industrial costs. That is why I am including an alternative second-stage boost consisting of the complete abolition of NIS, plus a few other odds and ends drawn from CBI submissions.

I have not spent much time agonising on the precise size of the PSBR. A literal interpretation of the Medium Term Financial Strategy would suggest an £8bn target for 1983-84. But even a modest cyclical adjustment based on the unexpectedly severe recession could justify £10bn or more. The suggested measures, with or without the later supplements, are somewhere in the right ball park; and the Government can afford a more direct look at the combination of real output and inflation changes likely to ensue from what it does.

Far more important than anything discussed in this article would be a complete reappraisal both of taxes and industrial aids and subsidies, to remove the absurdity of governments subsidising capital-intensive investments and penalising the use of labour when labour is in surplus. Unfortunately, there is not the slightest chance of this being done in a rushed pre-election Budget, and as far as I know the analytical work has not been done either in Whitehall or elsewhere. So we are stuck with the tedious choice between the old familiar war-horses.

PUBLIC SECTOR BORROWING REQUIREMENT

Figures in £bn

	1982-83	1983-84
Original estimate	9.5	na
Likely *outcome*	6.8	na
No-change Budget	na	5.7
Provisional target	na	8.6
"Shortfall"	2.7	2.2

na—not applicable. Source: Institute for Fiscal Studies

A BUDGETARY STRATEGY

SUGGESTED MEASURES FOR MARCH 15 BUDGET	Direct 1st year cost £bn
Reduction in National Insurance Surcharge (NIS) from 1½ to 1 per cent	0.5
12½ per cent increase in personal allowances (indexation plus 7 per cent)	1.0*
Increase in child benefit from £5.85 to £7; Long-term supplementary benefit rate payable to unemployed	0.4†
Extra public sector capital programmes	0.5
Maximum cost	2.4
OPTIONAL LATER SUPPLEMENTARY MEASURES	
(a) *If sterling is strong:*	
Abolish remaining NIS	1.0
Other help to industry	0.5
Relax monetary targets and lower interest rates	—
(b) *If sterling is weak:*	
Reduction in VAT from 15 per cent to 12½ per cent	2.2

* Cost excludes indexation. † Cost in second year: £0.9bn
Sources: Treasury, IFS, CPAG

Lombard

Crises: the call for consistency

By David Marsh in Paris

"THE DISTURBANCE . . . put a burden upon the exchanges and threatened an immediate severe dislocation of the international credit system. Emergency help was imperative to enable the affected central banks to face the drain and to give a breathing space both to debtors and creditors during which measures might be taken to withstand the shock . . .

"In rapid succession the Bank for International Settlements was called upon to grant emergency credits to the National Bank of Hungary, the National Bank of Austria, the Reichsbank, the Bank of Yugoslavia and a temporary advance to the Bank of Danzig . . .

"Events of this second fiscal year have shown to what extent our monetary systems, both great and small, have become interdependent, and how internationalism in monetary matters is not merely a theory or a desirable evolution but an accomplished fact . . .

"All the evidence available leads to the conclusion that any hope that a single country may achieve prosperity apart from the rest of the world would indeed be based on an insecure foundation."

In these dour lines, penned with the sparse clarity that has come to be the hallmark of the Bank for International Settlements, only the mention of the Reichsbank and Danzig gives the game away.

The remarks refer to the credit crisis of 50 years ago, not today's. They were written in the BIS's second annual report in 1932, chronicling the turbulent events set off by the collapse of the Austrian Credit-Anstalt bank in spring 1931. This "in a flash revealed to the world at large the state of affairs in central and east European countries," the BIS said, and sparked huge short-term banking withdrawals.

The words underline the sense of déjà vu pervading at least some of the happenings of the last year—when the BIS has been called in to provide emergency bridging loans not only to Hungary and Yugoslavia, but also to Brazil and Mexico.

No one would try to stretch too far parallels with the 1930s. But the words at least point to a certain consistency and sense of historical perspective in the views and actions of the BIS.

The Basle-based central bankers' bank has been in the vanguard of those urging the Reagan Administration to depart from a slavish reliance on monetary targets, ot put more stress on keeping the dollar steady and, above all, to have more regard for the rest of the world in framing economic policies.

Now, in the light of recession at home and a debt crisis in Latin America, the U.S. is starting to change its tune on a variety of fronts—although only after considerable cost domestically and abroad.

The transformation was underlined in Paris this week by Mr Beryl Sprinkel, the U.S. under-secretary for monetary affairs. Just 16 months after telling debt-ridden developing countries (at the autumn 1981 IMF meeting) that their "state of disequilibrium" was basically their own fault, Mr Sprinkel now speaks of a "strategy" to reduce the Third World's problems, built around higher growth in the rest of the world and more (not less as he was saying in September 1981) lending by the IMF.

One of the morals of this is an old one. There is no substitute for experience. It is no coincidence that three of the wisest heads running financial affairs in their individual countries are among the few international figures who also held positions of responsibility in government 10 years ago.

Karl Otto Poehl, the president of the Bundesbank, was at the Bonn finance ministry in 1972-1977; Paul Volcker, chairman of the Fed, was at the U.S. Treasury in 1969-74; Jacques Delors, the French Finance Minister, was special counsellor to Prime Minister Jacques Chaban-Delmas in 1969-72.

Another link with the past is George Shultz, Treasury Secretary in 1972-74, who since becoming President Reagan's Secretary of State has helped the U.S. Administration see more sense on international economic issues. And there, more or less, the list ends.

As for the rest, they are getting wiser all the time—at least until the next election.

Letters to the Editor

Difficulties in being sure of buying British

From the Chairman, Leyland Vehicles

Sir,—Much has been reported in recent weeks concerning the growing import of foreign-made components and the difficulties customers now face in knowing what is "British" when making their buying decisions. The situation is made more complex by vehicle manufacturers whose main centre of manufacturing operations and policy-making is clearly outside Britain, seeing a positive commercial advantage — particularly with public authorities — of being recognised as British.

Last year 3,800 Volvo trucks and buses were sold in the UK of which only some 900 were assembled here. Volvo is currently running an advertisement in the CBI journal which features two news reports from the Financial Times and *Motor Transport*. These concern Volvo (Truck and Bus) Great Britain being reclassified by the Society of Motor Manufacturers and Traders as a British manufacturer because it meets the society's criteria that 50 per cent of the value of its vehicles is British. The Financial Times' Industrial Correspondent also reported on January 11 that the commercial vehicles subsidiary of Renault had "set itself the long-term aim of being known in the UK as a British company."

It must be right for Britain to encourage foreign companies to manufacture in the UK, as this helps stimulate the economy and create employment. If, however, the country is to benefit fully from such local ventures, they must have a truly meaningful British content.

To set a British local contents standard is not easy. A definition of 50 per cent value for a company, for instance, can mean that the actual local content made and supplied by British manufacturers could be as low as 20 per cent, as the "by value" definition takes in profits and overheads.

Leyland Vehicles purchases in Britain more than 97 per cent of the material it uses to manufacture its trucks and buses. In 1982 £4m of imports were offset by vehicle exports worth £167m. To ask for a local content standard to be set as high as 97 per cent of material purchases would be unreasonable. In establishing an acceptable definition for foreign manufacturers to use when wishing to be seen as "British," one must clearly take into account the local contents standards of indigenous companies.

The standard of 50 per cent of value is much too low. It fails to ensure that foreign companies invest fully in Britain.

R. J. Hancock.
35-38, Portman Square, W1.

Dedicated to export promotion

From the Counsellor for Commercial Affairs, Embassy of the United States of America

Sir,—In an article on January 10 dealing with East-West relations, you state the U.S. Department of Commerce has created an extraordinary 10:1 ratio of export "controllers" to export "promoters." I would like to correct the record.

A look at the year-end employment report of the Department of Commerce's international trade administration shows the following: promotional organisations (domestic and foreign commercial service, trade development and country marketing officers) with 1,859 employees and controlling organisations (export administration and export enforcement) as having 266 employees. This is a ratio of nearly seven promoters to each controller.

Many of the 266 "controllers" are in fact concerned with explaining the regulations and guiding companies through the application procedure, and as such are assisting, not impeding, exports. The great majority of U.S. export shipments does not require an individual licence. Transactions that do require individual licences are not limited to those involving East-West trade. Libya, South Africa, and Iran are examples of countries in which our export "controllers" take special interest, an interest stimulated by quite different concerns from the ones attached to East-West issues.

A recent decision was taken to abolish the Bureau of East-West Trade and to transfer its personnel into offices dealing with individual countries. This, combined with changes in the export administration and the high visibility of export control activity related to the USSR gas pipeline, might have created the impression that the U.S. had dropped all promotional activity with respect to the USSR and to Eastern European nations in favour of control activities. This is incorrect.

In addition to foreign commercial service officers serving in the USSR and Eastern Europe, we have a large team of export promoters and planners in Washington. The 48 Department of Commerce district offices located in key U.S. cities assist U.S. companies to export to all parts of the world.

The U.S. Department of Commerce is dedicated to export promotion. While there are export control activities for national security and foreign policy reasons, our major commitment in resources and manpower is in the promotional area.

Gerald Marks.
24-31, Grosvenor Square, W1

The effects of inflation

From the Deputy President, Institute of Chartered Accountants in England and Wales

Sir,—Your newspaper, the Government and others properly berate companies and advisers when they put out a false prospectus. I was therefore astonished to see the full page advertisement on page 11 of the Financial Times of January 25. It was clearly aimed at the public at large and included an application form and an invitation to apply for the investments in question at "your Post Office." This advertisement is also carried in other national newspapers and on TV.

The whole tenor of the advertisement is that by buying "Income Bonds" it will be possible to have a regular income and keep your capital intact. It goes on to quote a rate of interest which currently is 11½ per cent. It does not point out that at current rates of inflation approximately half of that money is a return of capital or that in 10 years' time, the guaranteed life of the bond, a rate of inflation of even 5 per cent will have effectively reduced the real value of the bond drastically.

This advertisement is proof, if further proof were needed, that proper understanding of the effects of inflation on investment is vital if we are to have a properly informed public. It is little short of scandalous that the Lord Commissioners of Her Majesty's Treasury have authorised the Director of Savings to advertise a bond in these terms and clearly aimed it at the unsophisticated investor.

David Cormie,
Reed International,
83 Piccadilly, W1.

Commodity futures markets

From the Managing Director CAL Futures

Sir,—John Edwards' report (January 22) concerning commodity speculation sets forth the problems facing not only the speculative investor, but also the genuine commodity broking house itself.

Commodity futures markets are no less speculative than equity or gilts markets — the difference is in gearing. For the small speculator who is technically able through his broker to gear up on a 10:1 ratio the risks are high. A 10 per cent move in the wrong direction can wipe him out. How then can the small investor with, say, a minimum capital of £2,500-£5,000 enjoy the benefits of the futures markets without the risk of over-gearing?

The answer lies quite simply in the choice of two investment vehicles, both of which under archaic laws are banned from being promoted by the Department of Trade. These are commodity investment syndicates and offshore direct commodity unit trusts.

In the case of the former, the small investor merely pools his money with others of like mind to form a single large account which is then managed by a commodity broking commission house applying a conservative gearing ratio up to a maximum of 6:1, although normally much lower than this. In most cases, the syndicate runs for a fixed life of 12 months and is then wound up with capital and profits being distributed in the right proportions to the syndicate members.

In the case of the offshore direct commodity unit trust individuals may purchase and sell units — normally on a weekly basis in a fund which is professionally run and which, in many cases is supported by institutional investment. Traditionally, the direct commodity unit trust employs a very conservative gearing ratio of up to 3:1 and in many cases much lower than this.

Provided the Department of Trade can satisfy itself that a commodity broking house has properly established segregated and protected client accounts it should have no difficulty in allowing the active promotion of the two investment vehicles most suited to the small investor.

J. P. Metcalfe.
37-39, St Andrews Hill, EC4

FINANCIAL TIMES

Thursday January 27 1983

BALANCE OF PAYMENTS SWUNG OUT OF DEFICIT IN 1982

Record trade surplus for Bonn

BY STEWART FLEMING IN FRANKFURT

WEST GERMANY'S trade surplus hit a record DM 51.2bn ($21.1bn) last year, almost double the DM 27.7bn reported in 1931 and the biggest surplus since 1974 when the figure was DM 50.8bn.

As a result the curreot account of the balance of payments, which had been in the red for the past three years and slumped into a world record deficit of DM 29.5ho in 1980, moved back into a bealthy surplus of DM 7.5bn in 1982, compared with a deficit of DM 16.6bo in 1981.

In December, traditionally e strong mooth for the trade and current account figures, the trade surplus rose to DM 6.38bn (November DM 4.8bn) largely as a result of a significant jump in exports to DM 38bn (November DM 36.6bn) and a slight fall in the value of imports to DM 31.6bn (November DM 31.8bn).

The current account was also in bealthy surplus in December, up from DM 4.6bo in November to DM 5.3bn last month. Earlier figures have been revised as e result of which the surplus for the year hit DM 7.5bn.

The sharp swing in the West German trade accounts is partly the result of the weakness in domestic demand during the third year of recession. Imports in 1982 rose only 2 per cent to DM 378.6bn. Exports, on the other, surged, especially in the first half of the year. For the year as a whole exports increased by 7.8 per cent in value to DM 427.8bn.

In the third and fourth quarters of the year, however, export growth slowed, removing a major prop to economic activity. Exports in the fourth quarter totalled DM 110.5bn compared with DM 109.8bn in the same period of 1981. The strong December export figures were not the result of any special circumstances outside the oormal seasonally favourable trends, the Federal Statistical Office said yesterday. They will tend to reinforce hopes that export demand is stabilising.

The IFO ecooomics institute, one of the leading West German economics research institutes, reported yesterday however that foreign demand for German industrial goods remains depressed however.

In its latest economic assessment the institute says that in December the business climate in general seems to have improved with, for the first time for several months, a rise in orders in manufacturing industry.

Order books ceased to shrink and companies were less inclined to cut production. In contrast to domestic trends however IFO says export demand remained under recessionary influences and no fundamental change is anticipated.

Stock markets, Page 27

Fanfani forces out ENI head to avert split

By James Buxton in Rome

THE CHAIRMAN of Italy's ENI state energy company, Sig Umberto Colombo, is to resign after only three months in office. His resignation was demanded by Sig Amintore Fanfani, the Prime Minister, to avoid a potentially dangerous split in the ruling coalition.

Sig Colombo's departure, announced by the Cabinet yesterday, is the latest development in a long-running dispute between the Socialists and the Christian Democrats over who should run ENI, one of the largest enterprises in the world. It has had five heads in just over three years.

The reason for Sig Colombo's resignation was his vigorous refusal to accept the appointment of the former ENI vice-chairman, Sig Leonardo Di Donna, as a member of the company's five-man board. Sig di Donna was the nominee of the Socialist Party, which also nominated Sig Colombo.

Because Sig Colombo held out against Sig di Donna, ENI has had only a chairman and vice-chairman since November and Sig Colombo's decision-making powers have been limited.

The situation has become acute in the last few days because the Socialists have linked the issue of the ENI board to that of appointments to other institutions which badly need new chairmen, notably the Banco di Napoli, the country's sixth largest bank.

Sig Colombo's resignation, which the Cabinet said he had given "in the interests of ENI and of the country," appears to be part of an elaborate manoeuvre in which posts will be divided between the parties. Sig di Donna is not expected to be put on the board of ENI but should get the chairmanship of one of its important subsidiaries.

ENI's new chairman may be Sig Enrico Gandolfi, who presided over the company as special commissioner for seven months last year in order to defuse a row over the chairmanship which also revolved around Sig di Donna.

His appointment to the chair of ENI had been expected to bring a badly needed period of stability to the company. He is a tough and decisive figure and proved it last December by swiftly negotiating the dissolution of Enoxy Chemicals – ENI's joint venture in chemicals with the U.S. company, Occidental.

This did not endear him to Sig Gianni de Michelis, the Socialist State Shareholdings Minister, who had taken the credit for Enoxy when it was formed.

Sig di Donna has recently strongly defended himself against accusations concerning his time as vice-chairman of ENI. He has denied responsibility for a deal whereby ENI lent $126m – so far unrecovered – to foreign subsidiaries of the now bankrupt Banco Ambrosiano.

THE LEX COLUMN

Associated Dairies breeds a cash cow

Associated Dairies has opened 8 new superstores in the half year to mid-November while still adding to the £51m of cash piled up in its May balance sheet. The resulting £1.5m rise in interest receivable helped the company to exceed market expectations and lift pre-tax profits by 15 per cent to £33m. But the acceleration has also been managed without visibly denting net margins in the superstores which emerge only slightly down at 3.7 per cent after absorbing the £2m start-up costs of the expansion.

Superstore volume, up by 9 per cent overall, has been helped substantially by the new openings, while the existing stores achieved a 2 per cent increase as the aggressive autumn promotional campaign based on a few selected lines fed through. Asda has also benefited from a pick up in its non-food lines, which account for around 20 per ceot of sales, and have recovered from e flattish performance over the last two years.

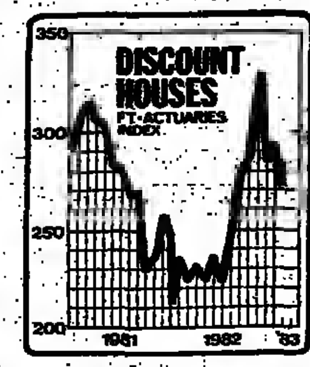
Trading was even more buoyant in the Fresh Foods division, where profits rose by 25 per cent to £5.9m, but elsewhere the group was once again dragged down by reorganisation costs in the struggle to pull round the carpet and furniture stores. These activities produced a combined trading loss of £171,000, but Asda is now hoping to put this unhappy era behind it following a £3.3m extraordinary write off on the Ukay stores.

With an improvement oo this front and the cost of only two new stores to absorb in the current half, the market is now looking for around £70m for the year, putting the company onto a prospective fully-taxed multiple of around 22 after yesterday's 8p price rise to 156p.

Hongkong Land

Hongkong Land has yet to report on its year to December, but the group's accounts are likely to show a sharp rise in indebtedness from HK$4.5bo to perhaps $15bn. Published net worth was $19.5bn in the last accounts, so the group will oot be stretched by the international standards of the industry but, with the local property market in disarray, Land's plan to convert up to HK$4bn of short-term borrowings into a secured eight-year syndicated loan must be a prudent move.

Land has spent heavily on its capital account during a year when revenue has been trimmed by downward pressure on Central District rentals and by headaches in several joint ventures. The cash outflow might argue for a cut in the final dividend although, in the present climate, Land will probably reckon that money used to keep shareholders happy is money well spent.



The refinancing exercise was expected to consolidate Land's position high above the cash-strapped small fry of the property scene. The company, after all, retains strong recurrent revenues and e book full of prime commercial property. But, with the Carrian and Eda debacles still casting e shadow over the balance sheets of Hong Kong's banks, it has proved a little difficult to marshal the lenders.

The refinancing still seems on target for completion by the end of this month and, while some banks may want to price their money over local prime rate, Land may yet win itself an impressively fine margin over local interbank rates for the bulk of its cash. But it is e sign of the times that Land is now having to pitch hard for the type of money which, 18 months ago, bankers would have queued the length of Central District to provide.

BCI / Aberthaw

It is no surprise that Blue Circle Industries (BCI) should wish to expand its UK cement capacity by acquiring Aberthaw, the smallest of the big four producers, rather than by developing its own resources. BCI has offered a decent premium to recent market values for the company but, on the basis of last night's share prices, it would still be picking up 850,000 tonnes of quality cement capacity at £31 per tonne, between a third and a quarter of what it might cost BCI to develop the resources itself.

From Aberthaw's point of view, the logic is equally compelling. Since RTZ's incursion into the industry, it has been conspicuously the smallest player. BCI plans to spend £15m on upgrading the company over the next few years, a figure which Aberthaw – with net worth of only that amount – could never have afforded on its own.

The puzzle is in the structure of the offer, and its timing. BCI could easily afford to pay cash and a predominantly paper offer looks particularly odd et e time when BCI's share price is highly volatile and, so the company would claim, unjustifiebly depressed. Moreover, the Office of Fair Trading (OFT) is already investigating competition in the brick industry, so to announce now a bid which would give BCI 60 per cent of the UK cement market may be tempting fortune.

BCI has held e 26 per cent stake in Aberthaw since 1963 and, one would have thought, could have held on for a couple of months until its 1982 results were announced. BCI may, however, have argued that the OFT would wilt before the paradox of referring e bid on competitive grounds in an industry which, thanks to the common price agreement, does not know the meaning of the word competition.

Union Discount

Union Discount must wish it could have ruled off its accounts in mid-November but, even after the run-up in rates at the end of the year, it has emerged with a set of results which the discount market will remember fondly for years to come.

Published profits have risen from £4.1m to £11.4m in the year to December, and the dividend has been bumped up by almost 20 per ceot. Redemption profits on variable rate government stocks, produced a small windfall in the first half and capital allowances on leasing must have been worth a couple of million in the revenue account, but the underlying progress was still outstanding.

Union has presumably tucked a good deal away in hidden reserves but, thanks in part to a property revaluation, even published funds have risen by more than 50 per cent to £40m.

A capital base of this magnitude spares Union the need to make potentially expensive forays into the gilt-edged market and its gilt book, only £89m at the year end, has now been completely liquidated. The shares up 25p to 560p yesterday, yield 8.2 per cent.

Spanish strike a warning to Socialists

By Tom Burns in Madrid

A 24-HOUR strike which halted all activity in the Asturian town of Gijoo and its surrounding area on Tuesday has constituted an early warning that Sr Felipe Gonzalez's Socialist Governmeot will not be able to count on the unqualified support of organised Spanish labour.

The strike, which was held to protest against a local unemployment rate of 20 per ceot, was organised jointly by the Communist-led Comisiooes Obreras end by the Socialist Party's own union, the Union General de Trabajadores (UGT). It was also hacked by the Socialist-controlled town council which took part in a 100,000-strong demonstration.

The protest closed down all commercial activity and also affected schools and transport. Gijon, with a population of 250,000, is the largest town in the oorthern province of Asturias. Asturias is a heavily industrialised regioo based mainly on coal mining and steel, and where INI, the state holding company, is the major employer. It is also a traditional stronghold of the Left io general and the Socialists in particular.

Uoemployment in the Gijon area, where 128 businesses, mostly small workshops, closed down last year and just over 20,000 are jobless, is more than three points above the national average. Under a restructuring plan of loss-making dockyards in the Bay of Gijon, a further 3,000 jobs are due to go.

The strike was the first labour protest of any significance faced by the new government since it took office at the beginning of December. It indicated a decisioo by the unions, and particularly by the UGT which is vying for the leadership of Spanish labour with Comisiooes Obreras, to use their muscle selectively over the unemploymeot issue. The strike committee called for a massive injection of government funds into the area.

Posgate suspended formally by Lloyd's

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

MR IAN POSGATE, the former star underwriter of Alexander Howden Group and once one of the highest paid people in Loodon's fioancial community, has been formally suspended from working in the Lloyd's insurance market for six months.

The move was made yesterday by a sub-committee of a new Lloyd's ruling body – the Lloyd's council, formed at the beginning of this year under new legislation to improve Lloyd's methods of self-regulation.

This latest decision follows Mr Posgate's successful court ward earlier this month which ruled that when the old ruling body of Lloyd's – the Lloyd's committee – suspended him last September, it had acted outside its powers. New legislatioo which gives Lloyd's wider disciplinary powers only came into force at the beginning of this year.

The suspension yesterday of Mr Posgate, after a meeting of four and a half hours, marks the first use of the new Lloyd's disciplinary powers.

A seven-man committee, headed by Mr Edward Walker-Arnott, a solicitor and one of three independent outsiders appointed to the Lloyd's ruling council, heard representations on behalf of Mr Posgate made by Mr Robert Alexander, Q.C. Lloyd's said last night that "written and oral statements from certain witnesses were presented."

Mr Posgate faces allegations made by Howden's American owners, Alexander & Alexander Services, that he misappropriated group funds along with four other former Howdeo directors. He is now prevented from working at Lloyd's for a further six months. Unlike the earlier suspension the period is now limited and can thereafter be reviewed.

Mr Posgate can still take action through the courts to seek a ruling on the decision of the Lloyd's authorities. Last night he had yet to announce his intentions.

Lloyd's fund of last report, Page 8

Building societies seek wider UK role

By Our Financial Staff

BRITAIN'S building societies, savings institutions whose role at present is largely limited to lending for private home purchases, are seeking wide-ranging powers which could permit them to operate banks and insurance companies and to provide estate agency and property conveyancing services.

The societies also want permission to acquire land for housebuilding, to make loans for the purchase of consumer goods, to offer index-linked home loans and to lend on second mortgages.

In recent years, Britain's commercial banks have moved into the home loan field themselves. Building societies now extend about 75 per cent of new mortgages against 95 per cent three years ago.

Details, Page 8; Editorial comment, Page 16

Texaco and Shell report downturn

By Richard Lambert in New York

TWO MORE major U.S. oil companies reported a decline in earnings both for the fourth quarter of 1982, and for the full year. Texaco's net income in the quarter fell from $507m to $306m, while Shell Oil showed a decline from $458m to $438m.

For the year as a whole, Texaco's net income dropped by nearly 45 per cent, to $1.28bn, or $4.92 per share. Revenues for the year fell hy 19 per cent to $48bn.

The figures carry special charges of $37m in the fourth quarter and $140m after tax for the full year. These stem from the shutdown of surplus refineries and the disposal of marine tankers.

Texaco's petrochemical activities lost $23m net in the final quarter and $8m for the full year, compared with earnings of $75m in the whole of 1981.

Exploration and production earnings outside the U.S. increased during the final three months. But for the full year, these activities made significantly lower profits both in the U.S. and elsewhere. Worldwide exploration expenses rose from $508m to $734m in the year, reflecting what Texaco described as an "aggressive exploration effort."

Shell Oil's net income for the year fell from $1.7bn to $1.61bn, or $5.19 per share. Revenues edged down from $21.7bn to $20.2bn. Earnings from Shell's oil products group – which includes refining, transportation and marketing – dropped by $49m to $72m in the fourth quarter.

Harvester and Renault explore link-up

BY DAVID HOUSEGO IN PARIS

INTERNATIONAL HARVESTER is seeking to raise cash either by disposing of its European agricultural division or by establishing a new joint operation with another group.

The company confirmed yesterday that oegotiations had taken place with Renault, the French vehicle manufacturer, but it is also believed to have had talks with Massey Fergusson, and other companies. International Harvester has virtually sold off the construction side of its European agricultural division, which made losses in 1981 of $110m oo sales of $939m. Turnover last year fell back to about $700m.

The discussions with Renault have considered the possibility of a joint operation which would also bring in the French government. Renault's agricultural division had sales of FFr 1.2bn ($174m) last year. It has the largest sales of tractors in France with 19 per cent of the market.

Renault said that only "exploratory" discussions had taken place. The interest for Renault in any such deal would be to take advantage of IH's wider distribution network in Europe, Africa and the Middle East. The other major asset of IH's European agricultural division is its new plant at Angers to manufacture its "axle flow" combine harvester.

IH announced in November that it had sold its French construction equipment subsidiary Yumbo in a management buy out. It is in the process of selling its remaining European construction activities to the U.S. owned Dresser group.

Because of IH's oeed for cash, it is interested in either e sale or the formation of e new company in which it would still retain an interest. A company spokesman thought the latter the most likely decision while saying that IH could still hang on to its European agricultural division if there was an upturn in the market or the right price was not forthcoming.

Fork-lift truck industry plan

Continued from Page 1

the overall market was now around 50 per cent of its level in 1979.

Eaton's European lift truck operations have been running close to break even levels in recent months.

Eaton also announced yesterday plans to sell its forestry equipment business. It said its entire materials handling division would be treated as a discontinued operation in the 1982 report.

As a result of year-end write offs, Eaton warned that it would report a loss for 1982. It is to cut its quarterly dividend from 43 cents to 20 cents e share.

The company intends to offer its shareholders e new series of convertible preferred shares that will carry an annual dividend rate at least equal to that offered by the common shares prior to the dividend cut.

Oil industry warned over price cutting

Continued from Page 1

price normally charged for high quality North Sea oil, he said.

Meanwhile, in spite of the downward pressure on crude oil prices, UK refiners and marketing companies seem determined to impose a big increase in petrol prices in the next few days.

● Richard Johns adds: Nigeria's oil production has slumped to only 800,000 barrels a day (b/d), compared with an average of 1.21m b/d in December and e target level of 1.3m b/d.

The slump has prompted new fears that the African producer might be tempted to offer discounts in a bid to boost output. So far Lagos appears to be holding the line, however, fortified by financial assistance from Saudi Arabia.

Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, indicated earlier this week in Geneva that the Saudi Arabia has been giving support, although he declined to specify how much. Until November, at least, no aid had been forthcoming from Riyadh, despite strong Nigerian pleas for help.

The latest fall in Nigerian production is understood to have been largely accounted for hy the loss of third party customers by the state oil corporation. But liftings by the major oil companies operating equity ventures are also evidently down.

Last April, when output fell by half to 630,000 b/d, Sheikh Yamani threatened retaliation by Saudi Arabia and other Gulf exporters against any company which reduced its purchases from Nigeria.

● Tuesday's preoccupation with oil prices was forgotten in the foreign exchanges yesterday, as dealers tried to keep abreast of apparently conflicting signals about the trend of U.S. interest rates, writes Jeremy Stone in London.

The first influence on dollar exchange rates yesterday was President Reagan's message on Tuesday, suggesting a lower trend of U.S. interest rates. This provoked active selling in the Far East, which carried over into London trading during the morning, when the dollar traded as low as DM 2.41.

But later on reports that Mr Donald Regan, the U.S. Treasury Secretary, had warned against excessive increases in U.S. domestic liquidity gave a sharp boost to the U.S. currency. Against the D-Mark it spiralled rapidly to almost DM 2.43, only to relapse a few minutes later when the Fed was seen to be helping the banking system by means of repurchase agreements.

The dollar's effective exchange rate index closed in London 0.2 points lower at 119.8. The dollar had given up 0.9 of a cent to sterling, which reached $1.5460, was unchanged at SwFr 1.99, gained 65 points against the D-Mark to DM 2.4280, and fell by 0.5 yen to Y235.50.

INF talks open in climate of flexibility

Continued from Page 1

cruise missiles might be acceptable.

Among key issues in the Soviet position on which Mr Nitze will seek clarification is the Soviets' apparent readiness to agree to remove and possibly dismantle some SS20 missiles.

The U.S. will also want clarification of the Soviet proposal that they would deploy only 162 missiles, a number exactly equivalent to the British and French nuclear forces which Nato insists must be left out of the bargaining at this stage.

This round of negotiations is expected to last until March. Nato ministers are expected to review progress in their regular spring meetings. Unless there is agreement in Geneva, deployment of cruise missiles will begin, in the UK, in the autumn.

Mr Hans Dietrich Genscher, West German Foreign Minister met President Reagan in Washington yesterday and said after the meeting that the U.S. had Bonn's full backing in the Geneva nuclear arms talks with the Soviet Union.

Mr. Genscher, who arrived in Washington on a two-day visit, said in Bonn earlier this week that the West German Government remained committed to the Reagan Administration's "zero option" in the INF negotiations.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	12	54	Dubrovnik	S	12	54	Malaga	S	16	61	Salzburg	R	4	39
Algarve	S	18	58	Faro	S	16	61	Malta	S	15	59	Seoul	D	6	43
Algiers	S	14	51	Florence	C	4	39	Manila	C	30	86	Singapore	R	28	82
Amsterdam	C	8	46	Frankfurt	R	7	45	Miami	—	—	—	Stockholm	F	6	43
Athens	S	18	58	Funchal	F	19	58	Milan	Fg	8	46	Strasbourg	C	11	52
Bahrain	S	18	64	Geneva	F	5	41	Moscow	C	1	34	Sydney	C	28	82
Bangkok	S	28	82	Gibraltar	C	14	57	Munich	R	9	48	Taipei	S	18	64
Barcelona	S	14	57	Guernsey	C	16	58	Nairobi	—	—	—	Tangier	S	11	63
Beirut	S	17	54	Helsinki	C	3	37	Naples	S	12	54	Tehran	—	—	—
Belgrade	C	5	41	H. Kong	C	17	63	New Delhi	—	—	—	Tel Aviv	F	11	52
Berlin	C	8	46	Innsbruck	R	2	36	New York	—	—	—	Tenerife	S	21	70
Biarritz	F	15	59	Inverness	C	9	48	Nice	R	13	55	Tokyo	S	14	57
Blackpool	C	8	46	Istanbul	S	5	41	Oporto	S	16	61	Toronto	D	2	36
Bordeaux	F	13	55	Jersey	C	11	52	Oslo	F	7	45	Tunis	C	13	55
Brussels	D	10	50	Jo'burg	S	27	81	Paris	C	11	52	Valencia	S	14	57
Budapest	F	7	45	Las Palmas	C	19	66	Prague	S	6	43	Venice	F	3	37
B. Aires	D	31	88	Lima	S	27	81	Reykjavik	S	-5	23	Vienna	F	9	48
Cairo	—	—	—	Lisbon	S	13	55	Rio de J'o	R	33	91	Warsaw	C	5	41
Cape Town	—	—	—	Locarno	F	8	46	Rome	S	12	54	Zurich	C	7	45
Caracas	C	28	84	London	C	10	50								
Casablanca	S	16	61	Los Angeles	C	11	52								
Copenhagen	C	7	45	Luxembourg	R	8	46								
Corfu	S	13	55	Madrid	S	12	54								
Dublin	C	9	48	Majorca	S	14	57								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: John Davies, Frankfurt/Main.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Thursday January 27 1983

Bethlehem in $1.15bn net final quarter loss

BY PAUL TAYLOR IN NEW YORK

BETHLEHEM STEEL, the second largest U.S. steelmaker, yesterday reported a $133m pre-tax operating loss and a staggering $1.15bn net loss for the final quarter.

The company, which last week announced salary cuts for its non-union workers, also said that it was cutting its quarterly dividend from 25 cents to 15 cents – the second reduction in six months.

The final quarter net loss compares with a net profit of $31.1m, or 71 cents a share, in the final 1981 quarter. It largely reflects a non-recurring pre-tax loss of $930m from the restructuring of operations.

Like the other major U.S. steelmakers, Bethlehem has been hard hit by the recession, resulting in near-depression levels of production.

Last month, the company announced that it would take a fourth quarter charge of between $750m and $800m following its decision to close down the Lackawanna, New York, steel plant and reorganise operations at two other plants, cutting capacity by about 3.5m tons, or 15 per cent, and its workforce by 10,000.

The massive, final-quarter loss pushed the full year net loss up to $1.47bn, compared with a net profit of $210.9m, or $4.83 a share in the previous year.

Revenues in 1982 plunged by 27.9 per cent to $5.26bn from $7.3bn, with the final quarter contributing $1.03bn against $1.64bn.

For the full year, the company reported a pre-tax operating loss of $498m and non-recurring charges of $1.05bn. These included a $120m charge in the first nine months following the permanent closure of its Los Angeles plants and several coal mines, and the sale of the company's ship repair yards.

Bethlehem said the operating loss was due primarily to exceptionally poor customer demand in every market that the company served.

The company said shipments declined steadily throughout 1982, in line with lower customer demand.

Bethlehem's losses follow similarly poor results from the other U.S. steel makers, although Bethlehem's are expected to be the worst in terms of net earnings.

Allis Chalmers deficit of $207m

By Richard Lambert in New York

ALLIS-CHALMERS, the U.S. machinery manufacturer, lost $130.3m after tax in the fourth quarter of 1982, and $207m for the year as a whole.

Last month, the group warned that its 1982 losses would probably run to between $190m and $200m after tax, as a result of substantial losses on its agricultural equipment and industrial truck operations.

Sales in the latest three months fell from $445.6m to $357.2m, and for the year as a whole, sales were down from just over $2bn to $1.6bn. In 1981, Allis-Chalmers lost $28.8m after tax.

The pre-tax losses for last year's fourth quarter included a $60m provision arising mainly from plant closures. They also included a write-down of $15m against the investment in Fiat-Allis, a construction machinery joint venture. A year earlier, the group had written off $25m pre-tax against this investment.

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The group said it had halted production in its agricultural equipment plants for extended periods in the second half of 1982. Sales to dealers were down by about 40 per cent, and price discounting had been another problem.

As a percentage of projected sales, dealer inventories of tractors and combines were well below average at the year-end, the group added. But there was no indication of an early recovery in demand for its products.

Earlier this week, Alles-Chalmers reached tentative agreement with the United Auto Workers union on a three-year contract

FIRST-HALF SALES DOWN 12.7%

GHH cuts payout as orders fall

BY JONATHAN CARR IN OBERHAUSEN

GUTEHOFFNUNGSHÜTTE Aktienvarein, (GHH) Europe's biggest mechanical engineering group, will cut its dividend this year for the first time since 1976-77, after suffering a sharp drop in business – especially abroad.

For the 1981-82 business year (to last June 30), GHH maintained a 14 per cent dividend – on increased capital – despite a cut in net profit of 45 per cent to DM 64.3m ($26.5m).

This year, GHH says the dividend would have to be reduced by "at least" 4 per cent – partly because of the cut in last year's payout by the key M.A.N. subsidiary, a leading diesel engine and commercial vehicle builder.

Dr Manfred Lennings, the GHH managing board chairman, gave no profits estimate for this year, but he said the first half orders and sales figures clearly reflected the grave problems facing the German engineering sector as a whole.

Orders from July to December (1982) were down by 24.5 per cent to DM 7.3bn, with foreign demand plummeting by almost 40 per cent to DM 3.7bn. Domestic orders were steady at DM 3.6bn.

Dr Lennings described the figures as "a warning signal, but no cause for panic". He noted that the foreign orders position was partly distorted because several unusually large deals bad been booked by GHH at the end of 1981, and the new results were being compared with them.

But he also stressed thet the stability of domestic orders was due not least to the Government's investment bonus scheme, which expired at the end of December and brought a boost to demand for GHH products.

First half (July-December) sales were down overall by 12.7 per cent to DM 7.1bn, with those at home falling by 8.5 per cent to DM 3.3bn and those abroad by 16.1 per cent to DM 3.8bn.

Asked if he saw any positive signs no foreign markets, Dr Lennings said GHH could expect fairly buoyant sales in Asia and continued demand from the Communist East. But Opec demand, long a mainstay of GHH's foreign business, had fallen sharply and there was no sign of early improvement.

Detailed figures now released for the 1981-82 year show group incoming orders up by 12.6 per cent to DM 20.2bn, and sales by 12 per cent to DM 18.7bn.

The increases were due, above all, to successes by GHH's industrial plant, engineering and trade divisions – which together made up 38 per cent of group orders (after 34 per cent in 1980-81)

The marked drop in profits was caused by sharply increased costs for interest payments (up by DM 35m to DM 342m), for industrial plant export insurance.

Contrasting results from U.S. packaged food groups

BY OUR FINANCIAL STAFF

TWO LARGE U.S. packaged food groups have produced contrasting results for the latest period. General Foods, whose brand names include Birds Eye and Maxwell House, edged lower, while Quaker oats increased net earnings.

General Foods reported net earnings from continuing operations for the third quarter, ended January 1, of $51.07m, or $1 a share, compared with $53.09m, or $1.08, in the same period the previous year.

A provision of $12.35m for losses on discontinued operations reduced final net in 1981 to $40.74m or 83 cents a share. Revenue for the latest quarter slipped to $2bn from $2.12bn.

This left nine-month net profits from continuing operations of $178.66m, or $3.58, up 12 per cent on the previous year's $159.65m or $3.23. Revenue was $6.09bn compared with $6.28bn.

As forecast earlier this month, General Foods third quarter earnings were hit by lower than expected domestic sales volumes and increased spending on marketing.

Profits for the period were boosted, however, by increased earnings from Oscar Mayer, the leading U.S. branded meat producer, acquired by General in 1981, and by improved profitability at the Louis Rich turkey business. Strong performances by several of the company's international operations also contributed.

Quaker Oats, which apart from packaged foods, operates mail order businesses and makes toys and chemicals, has increased net earnings for the second quarter, to December 31 by nearly 14 per cent.

Profits for the period rose from $23.8m, or $1.16 a share, to $26.9m, or $1.31, on sales of $708.9m, against $727.5m. The previous year's figures

Philips sees early profits from planned AT & T joint venture

BY WALTER ELLIS IN AMSTERDAM

PHILIPS, the Dutch electrical group, expects to benefit financially from its planned joint venture with AT&T of the U.S. as early as 1984. The venture, announced earlier this month, will be set up initially to manufacture and market modified Bell System digital switching systems outside the U.S.

Mr Wisse Dekker, Philips' chairman, said in a newspaper interview yesterday that an important part of the development costs now borne by its telecommunications division, Philips Telecommunicatie Industrie (PTI) would be taken over by the new joint venture.

These costs run into hundreds of millions of guilders annually, and their transfer would make a direct, positive contribution to Philips' results. Mr Dekker and Mr Geert Jeelof, members of the board responsible for the negotiations with AT&T, said the joint venture – due to be established in the autumn – would extend the range of PTI four- or five-fold.

The venture would have an entirely independent character, they said. It would bave its own budget, its own research laboratories and its own sales network. The locatinn will be in the Netherlands, probably in Hilversum, the centre of the Dutch telecommunications industry.

The joint venture, which has yet to be named, will have responsibility for its own product policy, free from interference by the two mother companies. An independent board of directors will be established on which Philips and AT&T will each have a seat.

However, because the technology used by the joint venture will be required for other purposes by Philips in Eindhoven, close links between Philips and the joint venture will be maintained.

A decision on locating the plant in Hilversum will, in the end, be partly political, said Mr Dekker. A venture which sought to sell telephone systems throughout a large part of the world would, be said, be better placed in a small country such as the Netherlands, where Government access was instant.

As expected, the joint venture's first products, a digital telepbone exchange, is to be based on the AT-&T 5ESS model developed in the U.S., but likely to be considerably modified under the influence of Philips.

Philips is also involved in negotiating joint research programmes with Siemens of West Germany and is an active part owner of the German Grundig concern.

AT&T first began exploring the world markets in the mid 1970s, when it won a large contract in Iran, later cancelled by the revolutionary regime. Since the de-regulation of the U.S. telecommunications industry, the American giant has been looking for a partner in Europe to assist it in an international sales drive.

Philips, which is also keen to develop international links, was seen as an excellent partner and the deal has been described by the Dutch concern as "a good fit."

NMB to regroup divisions

By Our Amsterdam Correspondent

NEDERLANDSCHE Middenstandsbank (NMB), the third-largest Dutch commercial bank, has announced extensive reorganisation of its divisions, aimed at decentralisatinn and improvement nf operational efficiency.

The bank emphasises that the cbanges are not being made as an economy measure and it remains optimistic about its 1982 results, due in February.

The four new divisions will be: general banking (domestic), private banking (domestic), foreign banking, and business consultancy. Five existing subsidiaries – staff publications, Alpha computer services, MBO business financing and real estate, insurance and securities – will remain directly responsible to the NMB board.

NMB has built up its standing in Dutch banking by its long association with small and medium-sized business. With company bankruptcies in the Netherlands at record levels, and with more competition in the field from other banks and state agencies, profits have been squeezed in recent years. The restructuring will come as no surprise.

Nederlandse Gredietbank (NCB), which suffered financial difficulties, has also revamped its organisation in the last six months and bopes to win a greater share of the business consultancy market. The reorganisation is along similar lines.

In future NMB is to have nine regiunal divisinns in place nf its existing 11 districts. Each will bave greater responsibility and authority in its area. The intentinn is for each of the nine to have a strong regional identificatinn, maximising the penetration of the market it serves.

Procter and Gamble ahead 12.8% at half

By Our New York Staff

PROCTER and Gamble, the leading U.S. household goods manufacturer, yesterday reported an improvement in earnings for the company's second fiscal quarter ending December 31 and the half year.

Net earnings in the second quarter increased 9.9 per cent to $210m or $1.27 a share on sales up 4.7 per cent to $3.03bn compared to net earnings of $191m or $1.15 a share on sales of $2.095bn in the 1981 quarter.

The company's earnings per share figures have been adjusted to take account of a two-for-one stock split from January 21.

For the half year the company reported net earnings up 12.8 per cent at $467m, or $2.82 a share, on sales of $6.231bn compared with net earnings of $414m.

Norsk Jernverk seeks $280m cash injection

BY FAY GJESTER IN OSLO

NORSK JERNVERK, Norway's troubled state-owned iron and steel group, has asked the Government for a NKr 2bn ($280m) capital injection to clear part of its accumulated debts, to finance investments and cover expected deficits over the next three years.

The request was made when the group presented its provisional restructuring plan to the Ministry of Industry this week. Last week, Jernverk announced a record NKr 400m deficit for 1982.

Mr Per Blidensol, chairman of the board, said the plan now being put forward covered only some areas of Jernverk's activities. The crisis in the world steel industry was so serious that more time was needed to find solutions

He believed, however, that in the longer term it should be possible to achieve at least a breakeven result. In view of Jernverk's importance as an employer in the economically under-developed district of Rana and Nordland, it was reasonable to expect state financial support to carry it through the crisis, he argued.

Jernverk has ambitions to become involved in offshore-related work, as petroleum drilling activity increases off the north Norwegian coast. But the Government is unlikely to approve its bid for a stake in the new Norwegian oil company – Norexplor – now being formed by a group of industrial companies and several small Norwegian oil concerns.

Philip Morris income for year up 18%

By Our New York Staff

NET INCOME of Philip Morris, the giant U.S. tobacco and brewing group, rose by 8.4 per cent to $174.7m in last year's fourth quarter. Net income for the year was up by more than 18 per cent at $781.8m, or $6.23 per share.

Operating income of the group's U.S. tobacco interests rose by more than a fifth to $1.1bn during the year, and the group said that its unit sales in the domestic market were up by 2.5 per cent. Its Marlboro brand once again claimed to be the world's biggest selling cigarette.

Despite what it described as the "significant adverse effect" of the strength of the dollar, Philip Morris International's operating income rose 12 per cent to $446m.

Operating income from the Miller Brewing Company rose by 37 per cent to $158.8m, despite a modest fall in shipments. But the Seven Up Company made another small operating loss largely due to the cost of testing and introducing a new cola product.

Capital spending in the year totalled $921m, and Philip Morris said that roughly 70 per cent of its facilities were now less than five years old.

The latest figures have been drawn up under FAS 52, the new accounting treatment for foreign currency translatinn.

Sales in the fourth quarter rose by nearly 6 per cent to $2.72bn while revenues for the year climbed by more than 7 per cent to $11.72bn.

Enka expects improved results after restructuring measures

BY OUR AMSTERDAM CORRESPONDENT

ENKA, the West German fibres division of the Dutch-based chemicals multinational Akzo, expects an improvement in its results for 1983.

Dr Hans Zempelin, chairman of the board of management, said this week that restructuring measures, aimed at improving group efficiency, would become fully effective this year. Only price erosion or sudden increases in the prices of raw materials could bring about a reversal in Enka's fortunes.

However, Dr Zempelin added that there were hardly any signs of improvement in the economic climate. Only after the summer, at the earliest, could any revival be expected in the U.S., while the situation in Europe was unlikely to improve until some time later.

For 1983, Enka expects hardly any improvement in sales of man-made fibres, although sales of industrial yarns could grow in the second half of the year. Sales of man-made fibres, Enka says, might be favourably influenced by some stock replenishment by the group's direct and indirect customers.

Prospects for exports are held to be modest, because many countries are faced with problems with currency exchange and balance of payments.

Consolidated sales of Enka in 1982 were some DM 4bn ($1.65bn) – 1 per cent less than in 1981. Sales within Europe fell by around 2 per cent, to DM 3.8bn.

"We are, in general, quite satisfied with developments in sectors other than man-made fibres," Dr Zempelin said. "Overall, a 15 per cent increase in sales was realised. It is becoming clear that these products (engineering plastics, non-wovens, household products, industrial colloids, membranes and machines) are relatively resistant to recession."

Capital expenditures by Enka in 1982 amounted to about DM 210m, mainly for modernisation of man-made fibre production and expansion of other activities.

● Akzo Pharma, the pharmaceuticals division of Akzo, expects to be able to publish better results tor 1982 than for 1981. A factor in the recovery is said to have been the improvement in the company's foreign exchange position.

Setback for Finnish forest products group

By Lance Keyworth in Helsinki

SCHAUMAN, the Finnish integrated forest industry group, had a "poor" year in fiscal 1982, with net sales and profitability both down. The main reason was the weak demand and declining price level fnr pulp which, with paper, constitutes the company's largest division.

Group net sales contracted by 1.9 per cent to FM 1.69bn ($313m) following the "satisfactory or very satisfactory" results recorded by all the Schauman subsidiaries. The parent company's sales slumped by 9.2 per cent to FM 143bn.

The operating profit, befnre depreciation, was FM 203m, 12 per cent of net sales, fnr the group, while fnr the parent company, the corresponding figures were FM 180m and 12.6 per cent.

Mr Gay Ehrnrooth, managing director of Schauman, nntes in his preliminary report that "it seems as if the poor market situation will continue, at least for a time in the current year, thnugh the pulp market is showing faint signs of stabilisation."

Reassurance on Canadian Commercial

By Nicholas Hirst in Edmonton

MR GERALD BOUEY, Governor of the Bank of Canada, has given an unprecedented reassurance that Canadian Commercial Bank, a wholesale bank based in Edmonton, was "solvent and profitable."

In a statement volunteered to a national newspaper, Mr Bouey said: "If it required any liquidity support, the Bank of Canada would provide it."

The central bank governor's move followed the resignation earlier on Tuesday of Mr Howard Eaton, Canadian Commercial Bank's chairman, because of two investments he shared with Mr Leonard Rosenberg, a Canadian entrepreneur whose trust companies have been seized by the Ontario provincial government.

Crown Trust and Greymac Trust were two of three trust and loan companies the C$2bn ($1.6bn) assets of which were taken over temporarily by the Ontario government on January 7 out of concern for the safety of depositors' money.

Mr Bouey said: "We don't want this problem to snowball. We want to reassure people from far off, in other countries, thet nothing terrible is happening to our banking system at all."

Mr Bouey said his statement followed inquiries made indirectly from foreign banks and foreign investors about Canadian Commercial Bank following Mr Eaton's resignation.

Mr Bouey said he was concerned that people would think the bank was "somehow involved in the trust company problem."

He said: "I think there has been some evidence in the secondary market for their paper but some people are a bit uneasy." Canadian Commercial Bank is a wholesale bank and it raises most of its money in the money market.

Amersham links up to boost sales in Japan

BY CARLA RAPOPORT IN LONDON

AMERSHAM INTERNATIONAL, the British manufacturer of radioactive materials for use in medicine, research and industry, has linked up with a major Japanese pharmaceutical company in an effort to boost its sales of medical products in Japan.

The joint venture will be 65 per cent owned by Amersham and 35 per cent owned by Chugai Pharmaceutical, one of the top 15 drug companies in Japan.

The diagnostic medicine market worldwide is now worth about $615m and is growing at about 10 per cent a year. Japan is the second-largest market, after the U.S., in this field.

Amersham currently holds about 7 per cent of this market worldwide, but only a small part of the important Japanese market.

"The Japanese market for these products is growing faster than the U.S. market," said Dr Stuart Burgess, chairman of Amersham International. "This is why we've gone to the trouble of setting up our own company."

Amersham currently has sales of less than £5m ($7.7m) in Japan, but expects the new joint venture will significantly increase this figure over the next few years.

The new company, called Amersham Medical, will be based in Tokyo and will be primarily a marketing company for Amersham's range of diagnostic products.

The company will be capitalised initially at about £500,000,

IBM launches advanced computer robot

By Our New York Staff

INTERNATIONAL Business Machines (IBM), the U.S. computer and office equipment manufacturer, has launched an advanced, computer-controlled robot that can perform a variety of industrial operations and is able to respond to changes in its environment.

IBM's debut in the robotics field came last year when it launched the less sophisticated IBM 7535 system, built to IBM specifications but manufactured by a Japanese company. However the latest robotics system, called the IBM 7565, is the first to be fully designed, developed and built by the computer giant.

Last February, following 10 years of development work, IBM test marketed a prototype version of the latest system, called the RS1. The lastest system incorporates the power of an IBM Series/1 computer with the capacity to repeat tasks and a robotic arm which can move in six directions within a sturdy rectangular frame.

The robot, which can undertake light fabrication work, was originally aimed at the electronics industry but IBM says that it has applications in many other industries, including motor manufacture and aerospace.

The positioning of the robotic arm is monitored 50 times a second under the control of the computer and a highly sophisticated robotic programming language.

The system also features data communications and input/output capabilities.

Better performance at Northern Telecom

BY OUR FINANCIAL STAFF

NORTHERN TELECOM, the leading Canadian manufacturer nf telecommunications equipment, bas reported a modest increase in net operating profits for the fourth quarter, ended December, to C$38.9m (U.S.$31.5m) from C$36.2m a year earlier.

This was a slower rate of growth than earlier in the year and left net operating profits tor 1982 at C$151.2m, or C$4.30 a share, up 26 per cent from C$120.7m, or C$3.49, in 1981.

Revenues were C$788.1m against C$708.4m in the fourth quarter and C$3.04bn against C$2.57bn for the full year.

The last results reflect the company's continuing recovery from a small loss in 1980, when it took heavy write-offs on its investments in U.S. office automation companies. The problems in this sector persist, bowever, and the electronic office systems divisinn recorded an operating loss of C$98.5m in 1982, compared with a loss nf C$15.7m in 1981.

Northern Telecom's order backlog was down 6.6 per cent at year end to C$1.17bn, although the order inflow was up slightly in the last quarter. Strong fnreign nrders, particularly from the U.S., partly offset a decline in Canadian orders.

Sales to Bell Canada, the country's leading telephone nperating company which has a 55 per cent stake in Northern Telecom, were C$845.9m against C$824.5m.

The company is expecting a "modest increase in 1983 revenues and greater gains in earnings."

BTI chief executive resigns

BY OUR BANKING CORRESPONDENT

MR MARTIN SMITH, chairman and chief executive of Bankers Trust International (BTI), the London merchant banking arm of Bankers Trust, is resigning and will not he replaced.

Mr Smith who was brought in from Citibank two and a half years ago to run BTI, has been involved in integrating the merchant bank into the Bankers Trust group. This has now been largely achieved and Bankers Trust says that one consequence of maximum integration of the two units is a "significant reduction in the role of BTI's chairman."

BTI was one of the first generation of London merchant banking subsidiaries owned by major U.S. money centre banks. It started life as P. P. Rodocanachi in 1860, but after its acquisition by Bankers Trust in the late 1960s changed its name to Bankers Trust International.

In its early years under Bankers Trust's ownership, it built a reputation as an aggressive and independent merchant bank. It was at one time run by Evan Galbraith, currently the U.S. Ambassador in Paris.

However, it ran into difficulties with some of its property lending and shipping finance deals in the early 1970s and Bankers Trust decided to integrate it more fully into its own network.

It shifted its emphasis to the syndicaton of Eurocurrency loans and project finance activities, participation as a manager and underwriter in the international capital markets, and to the sale and trading of securities and corporate advisory services. These are now co-ordinated closely with the New York operations and the bank says thet "heads of function will report to counterpart group heads in New York."

Mr David Beim, head of Bankers Trust's corporate finance activities in New York, will take over as non-executive chairman of BTI and Mr Gerald Solomon will be managing director, although Bankers Trust points out that this will be a "principally administrative role".

When the U.S. banks started opening London merchant banking operations a decade ago, the Bank of England was anxious to see that they behaved independently of their parent's branches. It insisted on them having seperate dealing rooms and administrations. It even insisted that they should have separate entrances from the branches.

Bank of America, Chase Manhattan, Citibank, Manufacturers Hanover, Continental Illinois, Chemical Bank and American Express are the leading U.S. banks which still maintain London merchant banking units and whicb have fully-recognised banking statues.

Norsk Data plans to lift dividend

BY OUR OSLO CORRESPONDENT

NORSK DATA, Norway's fast-growing mini-computer company, plans to increase pay-outs for 1982 after another year in which profits and sales increased steeply.

The company's shares are currently quoted on the Oslo, London and Stockholm exchanges, and it has applied for an over-the-counter listing in New York.

Preliminary figures put profit, before extraordinary items and taxes, at about NKr 85m ($9m), compared with NKr 40.7m in 1981. Sales climbed by 27 per cent to about NKr 610m. Orders booked were worth NKr 590m, compared with NKr 493m in 1981.

Products which have been selling particularly well include new equipment for office automation, administrative data processing and the company's new 32-bit super mini-computer, the ND-500.

A dividend of NKr 0.60 per share is proposed, 20 per cent more than in 1981. Meanwhile the directors will ask sbareholders, at an extraordinary general meeting, to approve a special issue of 190,000 shares which company employees will be allowed to buy at par (current price is NKr 160 for shares with par value of NKr 20). The company said this step was being taken in view of the staff's high productivity – operating result per man-year is about NKr 85,000. The special issue will "dilute" existing shares by about 2 per cent.

INTERNATIONAL COMPANIES and FINANCE

ANGLO AMERICAN TAKES FULL CONTROL

Chrysler sells stake in Sigma

BY BERNARD SIMON IN JOHANNESBURG

Chrysler is selling its 25 per cent holding in the troubled Sigma Motor company of South Africa to the majority shareholder, Mr Harry Oppenheimer's Anglo American Industrial. The move seems aimed more at helping the U.S. car maker on its road back to profitability than offering any fresh hope for Sigma.

CHRYSLER'S RECENT comeback in the U.S. motor industry would bave put it in an ideel position to offer some sound advice to Sigma Motors, currently South Africa's most troubled vehicle assembly company.

Instead, and probably as part of its recovery efforts, Chrysler has sold its 25 per cent interest in Sigma to the company's other shareholder, Anglo American Industrial, the industrial arm of Mr Harry Oppenheimer's mining house.

Sigma sorely needs a helping hand. In the past year, its market share has slumped and it has run up enormous losses. The managing director and five other members of the company's nine-man executive committee have left and the morale of its 350 dealers is at a low ebb. By the end of 1982, in the words of one Sigma dealer, the company was "the laughing stock of the motor trade."

This has been a stunning reversal of fortunes for the ambitious venture created in 1976 by a merger between Chrysler's local subsidiary and Illings, an Anglo American company which produced Mazda and Mitsubishi vehicles.

Sigma assembles Mazda, Peugeot, Mitsubishi Colt and Citroen cars as well as a number of commercial vehicles. Sales of passenger cars in South Africa are forecast as having fallen to eround 270,000 in 1982 from 300,000 in 1981. Demand for commercial vehicles is likely to have dropped from about 150,000 in 1981 to little more than 125,000.

At its formation, Sigma's share of the South African vehicle market was less than 7 per cent. By 1980, it had risen to top of the passenger car sales leegue with a 19.9 per cent market share, plus a useful slice of the light commercial vehicle market.

One of the reasons for this sharp iocrease in market penetration was Sigma's takeover, in 1979, of Peugeot and Citroen's South African operations.

However, the French connection also signalled the beginning of Sigme's problems.

The transfer of Peugeot's manufacturing ectivities to Sigma's sprawling assembly plant near Pretoria created a striug of quelity control problems, both on the assembly line and in the paintshop. A team of French engineers was sent out to help improve matters.

Largely as a result of the Peugeot troubles, Sigma's car sales slipped from over 55,000 in 1980 to 51,000 in 1981, a year of record sales for the industry as e whole. Its market share dropped to below 17 per cent.

Matters worsened last year when the deepening recession in the South African economy left many manufacturers with large unsold inventories. Sigma's strategy was to offer massive discounts, especially on Mazda's "hatchbacks." These were very popular but were also the subject of increasingly keen competition from other models.

The discounting policy misfired. Demand for discounted models was so heavy that the factory could not keep up. At the same time, the market for other models dried up.

A director of one of Sigma's largest customers observed thet "the dealers were not happy but their complaints were not heeded or acknowledged." One particularly sore point was that Sigma told dealers to police unofficial price-cutters themselves.

By last month, the company's share of the car market bad fallen to only 11.9 per cent, putting it in fourth position after Toyota, Detsun and Volkswagen. Sigme sold fewer than 45,000 cars last year, more than 22 per cent below its 1980 peak.

Sweeping steps are now being taken to undo the damage of the past two years. A new chief executive was appointed last month. He is Mr Spencer Sterling, 48, a South African who has worked for Ford for the last 26 years, including a spell as the head of its operations in Taiwan.

Mr Sterling appears to be in a hurry to set things right. "There has already been a massive change in attitude among dealers," according to an executive at one Sigma dealership.

Mr Sterling told dealers within two weeks of taking up his post that Sigma itself will in future try to ensure that dealers do not undercut each other. He threatened to end the franchise of any dealer caught offering unsanctioned discounts.

He has revamped Sigma's managemeot structure, ordered changes to new models, and revised lannch planning schedules. Sigma is currently looking for e buyer for the assembly plant near Cape Town which it bought only a year ago from Leyland South Africa, BL's local subsidiary.

Mr Sterling is sure he will succeed. "The patient is critically ill, but emphatically not terminal," he says. "I am confideot it will be fit and well by the beginning of 1984."

Few people will be watching bis performance more closely than Mr Chris Griffith, Sigma's chairman, who is also a director of Anglo American and one of South Africa's most netoriously aggressive businessmen.

The problems et Sigma have severely dented Mr Griffith's reputation as one of the country's most eble executives. Mr Sterling's performance will probably depend to a large degree on whether he and Mr Griffith can get on together and rebuild Sigma's market share.

Investment income boosts Shiseido

By Yoko Shibata in Tokyo

SHISEIDO, Japan's leading manufecturer of cosmetics, lifted pre-tax profits by 6 per cent to Y26bn ($110m) for the year to November 30 1982.

Unconsolideted net profits were 6.8 per ceot higher et Y10.9bn and profits per share improved by more than Y3 to Y52.40. Sales were up 1.3 per cent at Y306bn.

Like many Japanese companies, Shiseido owes part of its continuing sound position to returns on purely financial transactions on the bond market. Surplus funds invested in this manner brought in an increased return of Y1.7bn and helped keep the year end dividend unchanged at Y10 despite sluggish demand.

Over the year sales of cosmetics through the company's national network rose by only 0.3 per cent. New products, however, helped boost the sale of toiletries by over 5 per cent.

The company improved its costs to sales ratio by 1.4 per cent to 45.1 per cent, aided by the effects of falling raw material costs, rationalisation, and a higher proportion of sales of more profitable cosmetics lines.

For the current year, Shiseido plans to expand its new products range and is forecasting 3 per cent growth for cosmetics and 7 to 8 per cent for toiletries.

Full year pre-tax profits are projected at Y27bn, a 2.6 per cent rise and net profits at Y11.5bn, up by 5.4 per cent. Sales are forecast at Y316bn, an increase of just over 3 per cent and the dividend total is expected to remain unchanged at Y10.

Singapore insurance group ahead

INSURANCE CORPORATION of Singapore (ICS) lifted group net profits by 35.9 per cent to S$6.4m (US$3.1m) in the year ended December, reports AP-DJ from Singapore.

Revenue, in gross premium terms, was up 2.4 per cent in 1982. The company has declared a final dividend of 12.5 cents.

ICS is the first publicly-listed unit of Development Bank of Singapore, the Government-controlled bank. Its shares were listed on December 17.

Australia sets deadline for foreign bank applications

By Michael Thompson-Noel in Canberra

APPLICATIONS BY foreign banks for Australian banking licences should be lodged by May 31, the Treasurer, Mr John Howard, announced yesterday. He said a detailed guide for applicants would be issued shortly.

Mr Howard also said that the Attorney General's department had advised him that it would not be necessary to amend the Banks (Shareholdings) Act 1972 so as to allow shareholdings of 10 per cent or more in individual banks, should that prove helpful in facilitating foreign bank entry or the formation cf new domestic banks.

The ruling oeatly defuses an Australian Labor Party (ALP) threat to vote against any legislation that paved the way for foreign bank entry.

Mr Howard said yesterday that the ALP attitude was "parochial" and "in the mould of traditional Labor fears of change or innovation in the financial system."

The attitude of the ALP has also been criticised by the major domestic banks, which fevour foreign bank entry as a step along the road towards deregulation of the local benking market.

The Government has said it is prepared to grant about 10 licences to foreign banks.

Earnings rise at Orient Leasing

BY OUR TOKYO CORRESPONDENT

ORIENT LEASING, Japan's largest leasing concern, lifted consolidated net profits by 23 per cent to Y7bo ($30m) in the year to September 30, 1982.

Operating revenue rose by 44 per cent to Y106bn and profits per share were Y156.22 compared with Y120.08 previously.

During the year new business for leases requiring finance only rose by 44 per cent to Y460bn, thanks largely to higher demand for yen denominated leasings for aircraft and ships.

New business in the operating lease sector rose 252 per cent to Y40bn. The company provides both equipment and manpower for use with data processing equipment and merchant vessels on lease terms.

Buoyancy in the consumer credit market is reflected in a 155 per cent growth to Y218bn io new loans made in this sector.

Revenue gains took direct leasing to 58 per cent of the total, operating leases to 18 per cent, and interest income from loans to 21 per cent.

Orient Leasing was very active raising funds last year to match its expanding business. As of September 30 its borrowings, including long- and short-term loans, bonds and commercial paper, totalled Y1,019bn, up 65 per cent fro mthe preivous year.

By taking advantage of the spread of its loans across short- and long-term rates the company was able to minimise the effect of increasing interest charges. Interest paid rose by 47 per cent, significantly less than the 65 per cent growth rate of total borrowings.

Despite the company's efforts to avoid foreign exchange losses by metching yen loans with yeo based leasing and dollar loans with dollar leasing, the company registered foreign exchange losses of Y3bn.

Turnround into loss for Bridgestone Australia

BY LACHLAN DRUMMOND IN SYDNEY

BRIDGESTONE AUSTRALIA suffered a A$5.2m turnaround to a A$633,000 net loss in the year to December 31 despite a 37.8 per cent jump in sales from A$106.7m to A$149.8m (US$147m).

Bridgestone Australia is a 60 per cent owned subsidiary of Japan's Bridgestone Tyre Company. It blamed the setback on rationalisation costs, increased wages, and industrial disputes.

Before tax the group registered e profit of A$1.03m compared with A$8.31m previously, but this was also before the inclusion of a A$2.17m charge for the rationalisatioo of its automotive parts and tyre distribution operations.

The net loss of A$633,000 came after a tax credit of A$501,000 compared with a charge in 1981 of A$3.77m as well as depreciation charges ahead from A$2.7m to A$3.51m. Interest charges more than doubled from A$1.15m to A$2.72m.

With rationalisation expected to bring improved results this year, the company has held the final dividend at 5 cents a share for e total of 8.75 cents e share.

Walter Ellis looks at the problems of a Dutch shopping institution

National rally in aid of Bijenkorf

LAST SATURDAY was National Bijenkorf Day in the Netherlands. Under the slogan "De Bijenkorf Moet Blijven," thousands of Dutch shoppers turned out in five major city centres to demonstrate their support for the up-market, but distinctly troubled, Bijenkorf trading group. Famous personalities manned the counters. The newspapers were awash with well-wishers' advertisements from fellow retailers — all pledging undying devotion to a national institution.

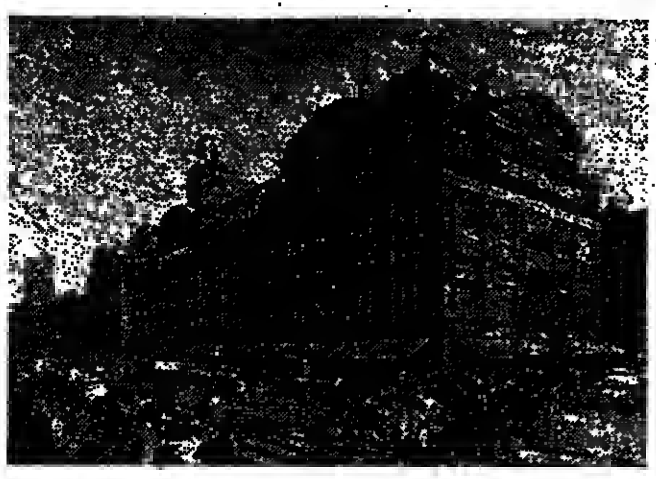
It was as though the residents of London and shopowners in Knightsbridge had discovered that Harrods was closing, or that Upper Eastsiders had uncovered rumours of the demise of Bloomingdales in New York.

Behind the razzmatazz of the Bijenkorf-must-stay lobby is, however, a story of bad decisions and bad timing which could yet, despite all the pleadings, result in the closure of two or more of the famous five super-stores.

Bijenkorf (full name, Koninklijke Bijenkorf Beheer, and KBB for short) was until a few years ago considered a growth stock on the Amsterdam Exchange. Not only are there the prestige stores in Amsterdam, Rotterdam, The Hague, Eindhoven and Arnhem, but KBB also runs the successful Hema chain, a clutch of hypermarkets, as well as a do-it-yourself network and Perry Sport, athletics outfitters to the fitness-fanatical Dutch younger generation. Why the situation should have turned sour can be traced to three main factors: the economic recession; too-rapid expansion at the wrong time; and corporate extravagance.

Last September, KBB announced pre-tax losses of Fl 21.4m ($8m) for the six months to July—a two-fold increase on the same period in 1981. Losses for the second six months are thought to have been rather less, as cost-cutting began to take effect. Even so, the deficit for 1982-83 as a whole is expected to be not far off the Fl 35m recorded for the previous year. A total of 1,500 redundancies has already been announced, and more may be just around the corner. Cost-cutting means that the Bijenkorf are looking for results to pick up appreciably in 1982-83.

Bijenkorf's "flagship," a massive edifice on Amsterdam's Dam Square, is a showpiece of which any organisation with money in the bank could be justly proud. Elegant and arresting, it is a key city centre attraction and a "must" for any serious shopper visiting the national capital. This is precisely why other neighbouring retailers are so keen that the Bijenkorf should stay. Similar, only slightly smaller, stores dominate five other select centres, selling the same range of luxury and imported goods to the better-off Dutch middle classes. Unfortunately, there is not anything like the demand for such goods that there was even three years ago, and KBB does not have money in the bank: instead, it is heavily in debt.



The Bijenkorf in the city centre of Amsterdam, at Dam Square, is the flagship of the KBB group's department stores, all five of which have lately been renovated to maintain upper-crust appeal. Fellow retailers have lent support to its continued presence as a Dutch landmark

Elsewhere in the group, Hema—a sort of Dutch Home Stores, to draw a British allusion, offering lower-priced goods—continues to thrive. There are Hemas everywhere in the Netherlands, and after some restructuring and a general smartening up, they have contributed mightily to group sales. Yet the good work at Hema has been offset not just by the burden of the Bijenkorf—on which FL 100m has been spent to sustain upper-crust appeal—but by the establishment of the Maxis and Praxis hypermarkets, and by the purchase of an ailing supermarket chain in the U.S.

As Ahold, the leading Dutch retailer, has discovered, hypermarkets are a drain on profit in these straitened times. Ahold, though, is fundamentally food-centred, and, as Mr Albert Heijn, its chairman, has remarked: "Even in a recession, people must eat." KBB cut its sale of food in the late 1970s, and went into home furnishing, household goods, fabrics and the like at the very moment when, for budgetary reasons, the average Dutch family was learning to "make do" longer in the field of home furnishing and decoration.

The U.S. venture was also ill-starred. Having looked around over several years for an acquisition opportunity outside the Netherlands, KBB paid Fl 15m in May 1980 for a 51 per cent stake in Macks Stores in the Carolinas, Georgia and Virginia. KBB's home earnings were under strain by this time, and Macks was just about to announce a loss for the first quarter of 1980 of $138,000. Six months later, KBB paid out another Fl 15m for the remaining shares in Macks. "Other Dutch retailers had moved into the U.S. in a big way, so why not us?" appeared to be the approach.

It was in 1981, though, that KBB's management found money slipping through their fingers in a most damaging way. Having decided to refurbish the Bijenkorf stores at high expense, the management went on to spend between Fl 80m and Fl 100m on new headquarters in Amsterdam, which it could not afford. Large-scale commercial borrowing provided most of the funds, but in January last year, the state was brought in for the first time, by means of a Fl 20m loan from the National Investment Bank. The group had moved into loss in the first half of 1981, and with interest rates climbing, the debt burden was threatening to become insupportable. The first 1,500 redundancies were announced a fortnight before the state loan, and the management announced that it could be 1984 before profitability was restored.

By the middle of last year, things had gone from bad to worse, and only the transfer of Fl 20m from reserves to the profit and loss account prevented the figures bearing an appearance of catastrophe. Gearing had become a crucial matter, with shareholders' equity equal to less than 20 per cent of total borrowings.

It was decided—partly at Government prompting—on restructuring: McKinsey and Company, the U.S. business consultants, were called in to draw up a report. Although this has not been published, there are suggestions that several thousand more workers face dismissal, under the terms of the report, and that as many as three of the Bijenkorf stores may be closed. The trade unions are outraged—the more so because of the management having refused to disclose the details of their plans. Union leaders have threatened to take the matter of their right-to-know before the courts, while KBB maintains stoutly that it cannot disclose what it does not know.

The one bright spot on the horizon is the lowering of Dutch interest rates, which at least makes debts easier to repay. The banks have also indicated that they may step in with added assistance.

The Government, meanwhile, is looking on with increasing anxiety. Mr Piet van Zeil, a state secretary at the Economics Ministry, said last week that a formal request for financial help was expected from the company by the end of this month, and that "because of (KBB's) special character and distinction" it was likely that the state would make a positive response. One other solution might be for several of the Bijenkorf stores to be hived off to the Vroom and Dreesman group, which has previously expressed an interest. That, however, is in the air. In the meantime, KBB's staff, the buying public and much of the Dutch retail sector are watching events unfold with a mixture of bewilderment and fear.

UK COMPANY NEWS

Public Works Loan Board rates

Effective January 26

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 3	11¾	11¾	11¾	12¼	12¼	12¼
Over 3, up to 4 ...	11¾	11¾	12	12¼	12¼	12½
Over 4, op to 5 ...	11¾	11⅞	12⅛	12⅜	12½	12⅝
Over 5, up to 6 ...	11⅞	12	12¼	12½	12½	13
Over 6, op to 7 ...	12	12	12½	12⅝	12⅝	13
Over 7, up to 8 ...	12	12	12⅛	12⅝	12¼	12
Over 8, up to 9 ...	12	12⅛	12¾	12¾	12¾	13
Over 9, up to 10...	12⅛	12¼	12¾	12¾	12¾	13
Over 10, op to 15	12¼	12⅛	12¼	13	13	12⅞
Over 15, up to 25	12¼	12¼	12¼	12⅞	12⅞	12⅞
Over 25	12⅛	12⅛	12⅛	12⅞	12⅞	12⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repaymeot by half-yearly anouity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Blue Circle in £26m agreed offer for Aberthaw Cement

BY CHARLES BATCHELOR

BLUE CIRCLE Industries (BCI), Britain's largest cement-maker, is making a £26.3m agreed bid for Cardiff-based Aberthaw Cement, number four in the industry league table.

BCI, which already owns 26 per cent of Aberthaw, is offering either eight of its own shares for every five Aberthaw or one BCI share and 240p cash for each Aberthaw share.

The take-over would create a company with 59-60 per cent of the UK cement market, which raises the possibility of a referral to the Monopolies and Mergers Commission.

BCI, which has a 55 per cent market share, will argue however that at one stage in the 1970s it had a 65 per cent market share on its own. Cement is a standard product sold at a common price agreed between the manufacturers and in practical terms a link-up will help secure jobs, the company said.

Fears of a referral nevertheless cut 75p off the value of Aberthaw's shares yesterday, taking them to 540p while BCI fell 2p to 423p.

The Stock Exchange is to look at dealings in Aberthaw's shares ahead of Tuesday's announcement of an impending bid. The shares rose 45p to 420p before the announcement which prompted a further climb to 615p.

The further concentration of the cement industry which occurred when Rio Tinto-Zinc (RTZ) bought Tunnel Holdings last year left Aberthaw in an exposed position as the smallest of the "big four". RTZ has about 23 per cent of the market while Rugby Portland has about 17 per cent.

"Aberthaw were out on their own," BCI said yesterday.

The acquisition by BCI will allow Aberthaw to carry out a modernisation and expansion of its plant expected to cost more than £10m.

Aberthaw has 1m tonnes of cement-making capacity annually, most of it by cost efficient dry-kiln process, but is hampered by a lack of modern cement milling capacity. After the take-over it plans to add another 300,000 tonnes of dry process capacity.

BCI currently takes about 150,000 tonnes of Aberthaw's production a year. Both companies have depots of Rhoose, three miles from the main plant at Aberthaw. "By uprating Aberthaw's dry-process capacity and integrating marketing and distributioo we help to bring our own production costs down," BCI said.

Aberthaw increased its pre-tax profits by 48 per cent to £1.47m in the six months ended June 30, 1982 oo sales 16 per cent higher at £17.8m.

BCI reported a pre-tax profit of £48.1m – £3m lower – for the same period on sales down marginally at £370m. The company has 8m tonnes of cement making capacity and sold 7.1m tonnes in the whole of 1982, including exports.

Aberthaw joint managing director Mr Peter Phillips said the company would do all it could to avoid redundancies among its 840 workforce as a result of the merger.

BCI has received undertakings of support for the deal from the holders of 1.22m shares or 31.37 per cent of the equity, Baring Brothers, merchant banking advisers to BCI said.

This comprises undertakings from directors holding 208,788 shares or 5.37 per cent and BCI's holding, in its possession since 1963, of 1.01m shares or 26 per cent.

Lex, Page 18

Downturn for First National Finance

By Our Financial Staff

FIRST NATIONAL Finance Corporation, the lending and finance group, improved its second half pre-tax profit as anticipated, but for the whole year to October 31 1982, the figure was behind at £15.2m, compared with a previous £16.61m.

At halfway the taxable surplus had fallen from £7.68m to £4.69m.

For the 12 months, the lending and property division made a profit of £10.55m, the consumer credit division holding company – First National Securities (Holdings) – a loss of £2.91m, and the consumer credit division, £7.55m profit.

Before April 8 1982, the effective date of the group's 1982 reorganisation, the cost of holding the investment in the consumer credit division was charged to the lending and property division, whereas it is now borne by the wholly-owned subsidiary First National Securities (Holdings).

The pre-tax figure for the year was after exceptional costs of £403,000 (£334,000) which comprised reorganisation expenses, including capital duty on increases in the share capital of subsidiaries.

The directors say the results of the lending and property sector still depend, to a large extent, on bringing to fruition certain individual situations. These are of an irregular nature and the number of such situations is diminishing, they state.

After a tax credit of £341,000 (£1.38m) net profits were £15.54m, against £17.99m.

Asda group profits rise £4.5m at six months

BY OUR FINANCIAL STAFF

ASSOCIATED DAIRIES Group (Asda) returned pre-tax profits of £33.1m for the 28 weeks ended November 13 1982, an increase of £4.54m compared with the same period last year.

In his interim statement Mr A. N. Stockdale, the chairman, says the results are considered satisfactory. But although trading margins increased, the anticipated cost of the heavy Asda development programme more than offset this trend.

The chairman reveals that since November 13 trading has been up to expectations, with an upturn in demand in the furniture and carpet business.

Sales for the half year expanded from £682.89m to £763.63m and at the trading level profits advanced to £28.68m, against £25.58m previously – the group operates supermarkets and stores and also has interests in dairy products, carpets and furniture.

The pre-tax surplus included a much higher contribution from net interst receivable of £4.39m (£2.94m) and other income of £26,000 (£43,000).

The tax charge rose sharply from £14.85m to £17.21m leaving the net balance at £15.89m, compared with £13.71m.

Available profits emerged at £12.51m (£13.63m) after minorities, extraordinary debits this time of £3.29m, and same-again preference dividend payments of £93,000.

Stated earnings per 25p share, fully taxed, improved from 2.81p to 3.23p and the net interim dividend is being effectively increased from 1.0125p to 1.25p after allowing for the one-for-three scrip issue announced last August along with the preliminary results for the 1981/82 year, when a final equal to 1.3125p was declared.

A divisional breakdown of sales and trading profits for the half year under review shows: Asda Stores £655.81m (£562.45m) and £24.53m (£22.34m); Associated Fresh Foods £78.92m (£88.58m) and £5.93m (£4.78m); Allied Carpet Stores £32.87m (£31.54m) and £250,000 (£438,000); Wades Departmental Stores £27.33m (£25.51m) and £301,000 (£267,000); Ukay Furnishing Centres £2.71m (£5.3m) and £722,000 less (£360,000 loss); and miscellaneous trading £1.4m (£1.13m) and £51,000 (£275,000 loss). Inter-company sales amounted to £35.41m (£31.63m) and group overheads took £1.66m (£1.59m).

The extraordinary charges relate to the closure of Ukay Furnishing Centres and include the write off of fixed assets where no alternative use in the group is envisaged or no immediate prospects of sale exist.

At the annual meeting last October Mr Stockdale said nine or 10 new Asda stores were expected to be opened in the 1982/83 year, this should result in a significant increase in first year capital allowances with the anticipation of an unusually low tax charge for the year.

He told shareholders he was confident the group was moving forward to "yet another record year" and that hopefully, the profits for 1982/83 would be achieved by a positive contribution from all trading divisions – profits for 1981/82 totalled £60.78m (£51.39m) pre-tax, with almost all the £18.3m increase attributable to interest and other income received.

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Union Discount up £7m

By Our Financial Staff

THE UNION Discount Company of London has enjoyed an exceptional year, according to Mr Richard Petherbridge, senior managing director. The company, a bill discounting and accepting house, achieved a £7.31m surge in profits to £11.37m for the year to end December 1982.

The profit for the year is arrived at after providing for rebate, tax and making a transfer to inner reserve. The final net dividend has been lifted from 17p to 20p which raises the total from 26p to 31p.

According to Mr Petherbridge 1982 was a year in which the general trend of falling interest rates was subjected to two "sharp shocks" – the Falklands conflict and the fall in the value of sterling late in the year.

Stockholders' funds stand at £41m (£26.67m) for the first time, which includes a property surplus of £6.09m.

The company's portfolio at the end of 1982 amounted £2.2bn (£1.55bn) and excluding £89m of fixed interest Government stock, was short and liquid, say the directors.

The portfolio of leased assets of the subsidiary, Thirty-nine Leasing Company, has increased from £3m to £18m. The treatment of the potential tax liability is unchanged from the previous year – one half has been transferred to inner reserve.

After dividends absorbed £3.1m (£2.6m) and unappropriated profits of £1.67m (£1.71m) were brought forward, group profits emerged sharply ahead at £9.94m compared with £3.17m. There was a transfer to reserves of £7m against £1.5m previously.

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Anglia Television hit by increasing costs

BY OUR FINANCIAL STAFF

ANGLIA Television Group's pre-tax profits declined to £4.05m for the 12 months ending October 31 1982, a fall of £659,000 on the figures of the previous year. Sales improved from £37.49m to £42.87m.

The result, however, was struck after a subscription this time of £2.13m for the new Channel 4, Exchequer levy of £1.6m (£1.8m) and depreciation of £1.66m (£2.08m). Associates added £903,000 (£798,000).

The directors, headed by chairman Lord Townshend of Raynham, describe the results as satisfactory in view of the initial payments of the Channel 4 subscription.

They warn, nonetheless, that profits for the current year will be under pressure as the full rate of the subscription becomes payable – the group is a television programme contractor for the East of England. It also provides broadcasting equipment and services.

The dividend for the year is being raised from 6p to 6.5p per 25p share by an increased final of 4p (3.8p).

Earnings per share emerged 1.59p higher at 22.13p after a lower tax charge of £1.03m, compared with £1.86m, minorities of £51,000 (£101,000) and an extraordinary credit of £67,000 (£833,000), comprising the group's share of associate disposals and provisions for certain investments.

The depreciation charge for the year was reduced because of a reassessment of estimated asset lives following the revaluation of technical and other equipment which was reflected in the accounts for the previous year.

The effect of adopting the revised asset lives in the accounts for the year 1980/81 would have been to reduce the depreciation charge for that year from £2.08m to £1.24m.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB — Telephone 01-621 1212

1982-83 High	1982-83 Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
135	120	Ass. Brit. Ind. Ord. ...	135	+ 1	6.4	4.7	7.9	10.3
152	117	Ass. Brit. Ind. CULS...	152	—	10.0	6.6	—	—
74	57	Airsprung Group	66	—	6.1	9.2	7.6	12.9
46	36	Armitage & Rhodes......	37	—	4.3	11.6	4.2	7.3
290	197	Bardon Hill	290	—	11.4	3.9	12.2	15.3
123	100	CCL 11pc Conv. Pref....	123	—	15.7	12.8	—	—
270	240	Cindico Group	243	—	17.6	7.2	9.8	11.0
86	57	Deborah Services	67	− 1	5.0	10.5	3.8	10.2
154	125	Frank Horsell	154	—	7.9	5.1	5.5	5.9
83	61	Frederick Parker	67	—	6.4	9.6	3.4	6.5
55	36	George Blair	36	—	—	—	6.2	13.0
100	75	Ind. Precision Castings	75	—	7.3	8.7	9.6	12.1
135	109	Isis Conv. Pref.	135	—	15.7	11.6	—	—
129	94	Jackson Group	129	—	7.5	5.8	4.0	8.2
172	111	James Burrough	172	—	9.6	5.6	12.6	14.0
260	168	Robert Jenkins	168	− 2	20.0	11.9	1.6	26.7
83	54	Scruttons "A"	73	—	5.7	7.8	9.5	11.4
167	117	Torday & Carlisle	117	—	11.4	9.7	5.2	9.0
29	21	Unilock Holdings	26	—	0.46	1.8	—	—
85	71	Walter Alexander	72	− 2	6.4	8.9	5.1	7.4
257	214	W. S. Yeates	257	—	14.5	5.6	5.7	13.5

Prices now available on Prestel page 48146.

MINING

Loss for Metals Exploration

By Our Sydney Correspondent

LOWER REVENUE from sales of nickel and tin gave Australia's Metals Exploration a net loss of A$ 202,000 ($200,000) for the six months to end-December 1982.

This is a turnround of A$1m from the profits of A$822,000 reported for the same period of 1981.

The company's 50 per cent-owned but unconsolidated Greenvale nickel venture fell deeper into the red.

Nickel and tin sales for Metals Exploration fell 16 per cent to A$7.21m, and the net loss was after a tax credit of A$135,000, compared with a charge of A$325,000 last time, interest charges of A$551,000 and depreciation of A$546,000.

Greenvale, in which Metals Exploration and Freeport-McMoRan of the U.S. each hold 50 per cent, saw sales decline from A$38.53m to A$22.19m as sales of nickel and cobalt fell, and the joint venture returned a net loss of A$24.7m compared with a deficit of A$8.5m for the first half of the previous year, and a loss of A$28m for the full 12 months.

MIM back in profit as metals recover

BY LACHLAN DRUMMOND IN SYDNEY

AFTER having moved into the red last year for the first time in 45 years, Australia's major producer of base metals, MIM Holdings, is again climbing the profits ladder. It reports a net profit for the 24 weeks to December 12 of A$10.32m ($10.5m).

This compares with a loss of A$4.47m in the same period of the year to last June when the 12 mooths' total loss came out at A$10.37m and would have been considerably higher were it not for a large tax credit. MIM is maintaining its interim dividend at 2 cents.

MIM has done so much better in the second quarter of its financial year because it increased not only its silver sales, but was also able to sell *all its output of base metals.*

Cautiously, MIM points out that its overall financial result continued to be seriously affected by the state of world economies and the consequent unsatisfactory level of prices for the company's products.

Volumes of silver, zinc, nickel and coal shipped were higher in the latest half-year while those of copper and lead were marginally lower and sales of iron ore were substantially down.

Prices of silver, coal and iron ore showed a marked improvement, but those of copper and zinc were little changed and those of lead were substantially lower.

The latest half-year results included A$15.31m investment income compared with only A$11.8m a year ago, this reflecting higher interest rates and the short-term placement of recently raised loan funds for the company's push into coal.

Tax charges amounted to A$2.83m against a credit of A$2.3m last time. Interest charges rose to A$20m against A$13.2m a year ago.

*Meanwhile, MIM's capital spend*ing has continued, amounting to A$282m in the past half-year. Most of its has gone on the Newlands, Oaky Creek and Collinsville coal projects. Delieveries from Oaky Creek are due to start in April while those of coking coal from Collinsville and steaming coal from Newlands are expected in the first half of 1984.

New star boosts Carr Boyd

By Kenneth Marston, Mining Editor

ALWAYS ready to follow a rising star in the Australian exploration firmament – in the right sharemarket conditions – speculative buyers in Australia and London lifted the price of Carr Boyd Minerals by 66p to 120p in London yesterday.

The demand followed news of "highly significant" gold values obtained in drilling at the Harbour Lights prospect at Leonora in Western Australia. Carr Boyd reported drilling results ranging to as much as 11.3 grammes gold per tonne over a core length of 56 metres starting at a shollow depth of 21 metres.

Other intersections of the mineralisation returned 8.64 grammes over 24 metres, 6.23 grammes over 35 metres, 7.39 grammes over 22 metres and 16.83 grammes over 6 metres. Metallurgical tests on both oxide and sulphide ores are stated to have given "excellent" results.

COMPANY RESULTS IN BRIEF

■ AEROSPACE ENGINEERING

Precision, general and fabrication engineering

Half-year to Oct 31	1982	1981
	£	£
Sales	1.98m	1.71m
Pre-tax profit	605,000	525,000
Tax	242,000	210,000
Attributable profit	383,000	315,000
Earnings per share	8.1p	7.9p
Dividend	3.25p	2.75p

■ AGB RESEARCH

Consumer industrial research, publishing & exhibitions

Half-year to Oct 31	1982	1981
	£	£
Sales	28.24m	17.99m
Pre-tax profit	2.38m	2.04m
Tax	981,000	932,000
Attributable profit	1.12m	959,000
Earnings per share	5.12p	4.26p
Dividend	2.8p	2.3p

■ ESTATES PROPERTY INVESTMENT

Property investment

Half-year to Oct 31	1982	1981
	£	£
Sales	–	–
Pre-tax profit	1.19m	1.25
Tax	397,000	436,000
Attributable profit	802,000	815,000
Earnings per share	–	–
Dividend	2.75p	2.75p

■ LOOKERS

Motor and agricultural machinery distribution, contract hire and leasing

Year to Sept 30	1982	1981
	£	£
Sales	86.53m	72.01m
Pre-tax profit	873,443	1.05m
Tax	226,006*	121,981
Attributable profit	1.1m	814,644
Earnings per share	14.8p	12.5p
Dividend	3.85p	3.85p

* Credit

■ MORLAND SECURITIES

Property developer

Half-year to Sept 30	1982	1981
	£	£
Sales	301,341	–
Pre-tax profit	20,668	8,035
Tax	8,267	2,435
Attributable profit	12,401	5,600
Earnings per share	5.96p	0.94p
Dividend	–	–

■ PARKDALE HOLDINGS

Property investment

Half-year to Oct 31	1982	1981
	£	£
Sales	–	–
Pre-tax profit	62,000	61,000
Tax	25,000	24,000
Attributable profit	37,000	4,000
Earnings per share	0.7p	0.68p
Dividend	–	–

■ WHITWORTH ELECTRIC (HOLDINGS)

Wholesale electrical distribution

Half-year to Sept 30	1982	1981
	£	£
Sales	7.36m	7.02m
Pre-tax profit	130,115	164,467
Tax	41,160	25,829
Attributable profit	88,505	138,638
Earnings per share	2.2p	3.5p
Dividend	–	–

■ WILLOUGHBY'S CONSOLIDATED

Ranching and landowning (Lonrho subsidiary)

Year to Sept 30	1982	1981
	£	£
Sales	1.5m	1.03m
Pre-tax profit	593,783	375,878
Tax	300,413	252,884
Attributable profit	548,490	93,444
Earnings per share	14.2p	4.8p
Dividend	–	–

LADBROKE INDEX
based on FT Index
610-615 (–1)
Tel: 01-493 5261

BASE LENDING RATES

A.B.N. Bank	11 %	■ Hambros Bank	11 %
Allied Irish Bank	11 %	Hargrave Secs. Ltd.	11 %
Amro Bank	11 %	Hargrave Secs. Ltd.	11 %
Henry Ansbacher	11 %	■ Hill Samoel	§11 %
Arbuthoot Latham	11 %	C. Hoare & Co.	†11 %
Armco Trust Ltd.	11 %	Hongkong & Shanghai	11 %
Associates Cap. Corp.	11 %	Kingsnorth Trust Ltd.	12 %
Banco de Bilbao	11 %	Knowsley & Co. Ltd.	11½%
Bank Hapoalim BM	11 %	Lloyds Bank	11 %
BCCI	11 %	Mallinhall Limited	11 %
Bank of Ireland	11 %	Edward Mansoo & Co.	12 %
Bank Leumi (UK) plc	11 %	Midland Bank	11 %
Bank of Cyprus	11 %	■ Morgao Grenfell	11 %
Bank Street Sec. Ltd.	10½%	National Westminster	11 %
Banqne Belge Ltd.	11 %	Norwich Gen. Tst.	11 %
Banque du Rhone	12 %	P. S. Refson & Co.	11 %
Barclays Bank	11 %	Royal Trust Co. Canada	11 %
Beneficial Trust Ltd.	12 %	Roxburghe Guarantee	11½%
Bremar Holdings Ltd.	12 %	Slaveoburg's Bank	11 %
Brit. Bank of Mid. East	11 %	Staodard Chartered	‖11 %
■ Brown Shipley	11 %	Trade Dev. Bank	11 %
Canada Perm't Trust	11½%	Trustee Savings Bank	11 %
Castle Court Trust Ltd.	11½%	TCB	11 %
Cayzer Ltd.	11 %	United Bank of Kuwait	11 %
Cedar Holdings	11 %	Volkskas Iotl. Ltd.	11 %
■ Charterhouse Jephet	11 %	Westpac Banking Corp.	11 %
Choulartons	11½%	Whiteaway Laidlaw	11½%
Citibank Savings	¶ 9 %	Williams & Glyn's	11 %
Clydesdale Bank	11 %	Wlntrust Secs. Ltd.	11 %
C. E. Coates	12 %	Yorkshire Bank	11 %
Comm. Bk of N. East	11 %		
Consolidated Credits	11 %		
Co-operative Bank	*11 %		
The Cyprus Popular Bk	11 %		
Duncan Lawrie	11 %		
E. T. Trust	11 %		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12½%		
Robert Fraser	12 %		
Grindlays Bank	‡11 %		
■ Guinness Mahon	11 %		
Gulf G'tee Trust Ltd.	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%. 1-month 8.25%. Short-term £8,000/12-months 10.5%.
† 7-day deposits on sums of: under £10,000 8%. £10,000 up to £50,000 8¾%. £50,000 and over 9½%.
‡ Call deposits £1,000 and over 8%.
‖ 21-day deposits over £1,000 8%.
§ Demand deposits 8%.
¶ Mortgage base rate.

FINANCIAL TIMES STOCK INDICES

	Jan. 26	Jan 25	Jan. 24	Jan. 21	Jan. 20	Jan. 18	A year ago
Government Secs.	77.55	77.21	77.00	78.34	78.92	78.90	64.25
Fixed Interest	79.88	79.68	79.74	80.51	80.88	80.63	64.44
Industrial Ord.	814.4	614.2	606.7	615.4	624.8	621.0	568.5
Gold Mines	627.3	813.4	601.2	640.0	658.5	654.2	286.3
Ord. Div. Yield	4.87	4.88	4.95	4.84	4.79	4.84	5.38
Earnings, Yld.% (full)	10.47	10.49	10.63	10.40	10.29	10.30	9.63
P/E Ratio (net) (*)	11.46	11.44	11.29	11.55	11.66	11.67	13.17
Total bargains.	22,582	25,009	26,470	25,650	23,715	24,021	21,171
Equity turnover £m.	—	199.40	205.59	301.62	233.65	212.71	195.2
Equity bargains	—	18,928	21,354	20,302	18,498	19,129	18,517
Shares traded (ml)	—	113.8	129.5	176.9	145.6	135.0	143.7

10 am 621.0. 11 am 218.0. Noon 615.8. 1 pm 615.3. 2 pm 215.3. 3 pm 214.9.

Basis 100 Govt. Secs. 18/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.
*Nil = 10.64.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	86.84 (3/11)	61.80 (6/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	637.4 (12/11)	518.1 (8/1/82)	637.4 (12/11/82)	49.4 (26/6/40)
Gold Mines	664.2 (18/1/83)	181.2 (22/6)	664.2 (18/1/83)	43.6 (26/10/71)

S.E. ACTIVITY

	Jan. 26	Jan. 24
—Daily		
Gilt Edged Bargains	189.0	185.6
Equities Bargains	122.0	140.3
Value	403.0	416.7
5-day Avrge		
Gilt-Edged Bargains	175.9	175.8
Equities Bargains	128.8	131.8
Value	466.1	463.7

LONDON RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or –	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]					Baltic Leasing 5p	[illegible]					
[illegible]					Booth (Charles) 8p	[illegible]					
[illegible]					Br. Kidney Pat. Ap	[illegible]					
[illegible]					Bristol 10p	[illegible]					
[illegible]					Canvermoor	[illegible]					
[illegible]					Garfunkels Rest. 10p	[illegible]					
[illegible]					Inn Leisure 5p	[illegible]					
[illegible]					Memory Comp Int 10p	[illegible]					
[illegible]					Micro Bus. Sys. 10p	[illegible]					
[illegible]					Microgen	[illegible]					
[illegible]					Monford & White	[illegible]					
[illegible]					NMW Computers	[illegible]					
[illegible]					Resource Tech. 10p	[illegible]					
[illegible]					Slaters Food Prods 10p	[illegible]					
[illegible]					Swindon Priv Hos £1	[illegible]					
[illegible]					Tops Estates 10p	[illegible]					
[illegible]					Voyager Pet. (UK)	[illegible]					
[illegible]					Wight Collins R 510p	[illegible]					

FIXED INTEREST STOCKS

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price £	+ or –
[illegible]					AMEC 15% Uns. Ln. 1992	[illegible]	
[illegible]					Anglo-Nordic 10% Cnv. Uns. Ln. 1993	[illegible]	
[illegible]					BOC 12¾% Uns. Ln. 2012	[illegible]	
[illegible]					Birmingham 11⅝% Red. 2012	[illegible]	
[illegible]					Bishopsgate Tst. 7.17% Stpd Cap 2023	[illegible]	
[illegible]					European Inv. Bk. 11¼% Ln. 2002	[illegible]	
[illegible]					[illegible]	[illegible]	
[illegible]					Jessel Toynbee [illegible]	[illegible]	
[illegible]					London Shop [illegible]	[illegible]	
[illegible]					Natwest [illegible]	[illegible]	
[illegible]					Pearson [illegible]	[illegible]	
[illegible]					Scottish Eastern Inv. Tst. [illegible]	[illegible]	
[illegible]					Sweden [illegible]	[illegible]	
[illegible]					Transcont. [illegible]	[illegible]	

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or –
26	Nil	[illegible]			Arlen Elec.	[illegible]	
90	Nil	[illegible]			Beltway	[illegible]	
50	Nil	[illegible]			Cluff Oil 'B'	[illegible]	
60	F.P.	[illegible]			ILC	[illegible]	
45	[illegible]	[illegible]			[illegible]	[illegible]	
83	Nil	[illegible]			NSS News 10p	[illegible]	
58	Nil	[illegible]			Status 10p	[illegible]	
470	F.P.	[illegible]			Wolseley-Hughes	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. [illegible] earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. @ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. ◆ Merger bid or reorganisation in progress. M Dividend and yield based on prospectus or other official estimates for 1983-84.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan 24	Feb 4	May 5	May 16
Feb 7	Feb 18	May 19	May 31
Feb 28	Mar 11	June 2	June 13

Call options were transacted in Coronation Syndicale, PH Industrials, Carr Boyd, Turner and Newall, Scott and Robinson, Cole, MFI, Combined Techoologies, Metals Exploration, Vickers, Fidelity Radio, Mills and Allen, Balmoral Mines, Albert Fisher, Burmah, First National Finance, Hamptoo Trust, Arlen, John Brown, Scottish TV and London and Liverpool. A put was done in Vickers, while doubles were arranged in George Wimpey, First National Finance, Vickers and ICL.

ACTIVE STOCKS

Stock	No. of changes	Closing price Tues.	Day's change
Aberthaw		540	−75
Arlen Elect		204	+14
Assoc. Dairies		156	+ 2
Barratt Dev		458	+ 2
Carr Boyd		120	+66
Enterprise		49	+ 7
Erskine House		108	+29
Hill Minerals		85	+52
ICI		372	—
London & Liverpool		500	+25
Samantha Exp		43	+10
Union Discount		560	+25

TUESDAY'S ACTIVE STOCKS

Stock	No. of changes	Closing price Tues.	Day's change
Lon & Liv Tst	26	475	+27
Comb Tech	24	73½	+ 9
Arlen Elct New	20	152pm	+ 8
Mercantile Hse	20	700	+20
Rank Org	19	104	—
BAT Inds	18	699	+12
RTZ	17	513	+20
Vaal Reefs	17	£70⅝	+ ⅞
Cns Gold Flds	16	523	+20
De Beers Dfd	16	437	+14
ICI	18	372	+10
Unilever	16	790	+15
Driefontein	15	£22⅛	+ ⅛
Beecham	14	350	+ 8

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	82	3	12
Corpns. Dom and Foreign Bonds	45	5	27
Industrials	337	184	806
Financial and Props.	207	38	269
Oils	14	29	66
Plantations	5	3	14
Mines	73	18	80
Others	21	52	23
Totals	844	332	1,277

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (71)

BANKS (1)
Kleinwort Benson

BEERS (1)
Guinness

CHEMICALS (3)
Ciba Geigy 8pc 1091-94
Plysu
Scot. Ag. Ind.

STORES (1)
Forminster

ELECTRICALS (8)
AB Electronic
Allen
Anglotronic
Cable & Wireless
Norsk Data

ENGINEERING (2)
Adwest
Bullough

FOODS (6)
Banks (Sidney C.)
Barker & Dobson
Brooke Bond
Finch Lovell
Tate & Lyle

INDUSTRIALS (9)
Bellair Cosmetics
Eastern Produce
Erskine House
Lon. & Liv. Trust
Norcros
Nu-Swift
P.H. Industrials
Restmor
Siebe Gorman

INSURANCES (2)
Gen. Accident
G.R.E.

LEISURE (1)
SelecTV

NEWSPAPERS (1)
Link House

PAPER (2)
Bemrose
Brunning Res. Vtg.

PROPERTY (4)
Bilton (Percy)
Cussins Prop.
Hammerson A
York Mount

TEXTILES (5)
Leeds Group
Miller (F.)
Snia Viscosa

TOBACCO (1)
Imperial Group

TRUSTS (20)
Altifund Cap.
Argo Inv.
Cambrian & Gen.
Cont. & Ind.
Eng. & N.Y. Tst.
Fundinvest Cap.
Lon. & Strthcyle.
Murray Caledonian
1928 Inv.
Northern Secs.
OIT & Northern Do. Warrants
TR Australia Trust
U.S. Deb. Corp.
Yorks. & Lancs.
Exco Int.
Hampton Trust
London Inv.
Mercantile House
Oceana Cons.

OIL & GAS (1)
Petrocon

PLANTATIONS (1)
Lawrie Plants.

MINES (8)
Zandpan
Black Hill Mines
Bond Corp.
CRA
Carr Boyd
Hill Minerals
Peko-Wallsend
Sellrust A

NEW LOWS (6)

ELECTRICALS (1)
BICC

ENGINEERING (1)
Capper-Neill

INDUSTRIALS (1)
Fenner (J. H.)

PAPER (1)
Cropper (J.)

TEXTILES (1)
Dixon (David)

OIL & GAS (1)
Jebsens Drilling

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Wed Jan 26 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues Jan 25 Index No.	Mon Jan 24 Index No.	Fri Jan 21 Index No.	Thur Jan 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	424.36	−1.1	9.69	4.15	12.85	428.79	428.68	427.24	430.50	373.60
2	Building Materials (24)	407.19	+0.4	10.37	4.66	11.61	405.51	407.74	417.63	417.90	327.85
3	Contracting, Construction (30)	735.98	+1.2	11.97	4.49	9.96	727.43	733.99	753.46	752.96	582.89
4	Electricals (32)	1527.45	−3.1	7.87	2.26	16.28	1575.96	1569.22	1602.96	1637.51	1268.12
5	Engineering, Contractors (10)	398.37	+0.4	17.59	7.51	6.96	396.71	402.85	405.50	414.99	507.35
6	Mechanical Engineering (66)	197.65	+0.5	12.34	6.00	9.93	196.75	196.46	199.86	202.55	200.87
8	Metals and Metal Forming (11)	159.76	+0.5	13.55	7.79	8.86	158.98	157.41	159.98	162.78	179.22
9	Motors (18)	77.93	+0.5	1.10	8.16	—	77.58	76.73	78.66	80.30	99.48
10	Other Industrial Materials (17)	380.87	+0.2	9.20	5.60	13.54	380.13	382.29	386.62	387.19	400.21
21	CONSUMER GROUP (201)	408.30	+0.6	10.24	4.35	11.84	405.72	408.38	409.22	412.28	292.02
22	Brewers and Distillers (23)	453.84	+0.5	11.12	4.71	10.98	451.46	442.88	451.87	456.51	262.84
25	Food Manufacturing (21)	336.93	+1.5	13.58	5.48	8.63	331.99	329.23	334.59	333.41	237.47
26	Food Retailing (14)	850.27	+1.5	7.36	2.78	17.05	837.51	838.90	857.53	851.03	591.59
27	Health and Household Products (8)	727.83	+0.9	5.42	2.50	21.90	721.69	706.96	725.75	737.83	386.48
29	Leisure (24)	480.17	+0.8	8.54	5.82	15.18	476.40	476.95	485.80	485.71	439.19
32	Newspapers, Publishing (13)	692.41	—	9.15	4.68	13.78	692.64	695.11	698.18	705.62	495.95
33	Packaging and Paper (14)	151.99	+1.2	15.32	7.37	7.66	150.24	149.38	151.65	154.10	143.90
34	Stores (47)	345.89	−0.4	8.75	3.97	15.13	347.44	342.40	352.28	357.36	267.78
35	Textiles (23)	176.93	−0.3	13.67	6.06	9.04	177.51	177.37	180.09	180.87	167.58
36	Tobaccos (3)	499.94	+1.0	17.55	5.54	6.30	494.80	492.21	490.39	492.75	286.16
39	Other Consumer (11)	355.75	+1.3	2.37	3.91	—	351.29	352.32	356.90	355.57	277.62
41	OTHER GROUPS (77)	298.56	—	11.49	5.49	10.46	298.46	296.41	300.72	302.69	253.93
42	Chemicals (15)	394.74	−0.1	12.49	6.13	9.51	395.19	387.35	395.24	401.77	399.81
44	Office Equipment (5)	86.90	+1.1	12.74	6.58	9.68	85.95	85.34	89.28	91.52	130.36
45	Shipping and Transport (13)	531.79	−0.2	16.29	8.00	7.31	533.03	540.78	539.84	543.06	573.93
46	Miscellaneous (44)	424.91	+0.1	9.46	4.28	12.88	424.47	424.57	428.63	426.88	312.56
49	INDUSTRIAL GROUP (486)	396.43	—	10.22	4.43	11.95	396.47	393.29	401.30	404.35	314.86
51	Oils (14)	726.76	+0.3	17.40	7.95	6.78	724.69	727.30	766.84	768.91	709.63
59	500 SHARE INDEX	423.82	—	11.27	4.94	10.75	423.67	420.99	431.75	434.64	347.88
61	FINANCIAL GROUP (121)	282.92	+0.8	—	6.25	—	280.78	281.03	283.82	284.22	257.95
62	Banks (6)	292.81	+1.9	34.44	8.24	3.37	287.24	288.91	291.05	294.04	281.30
63	Discount Houses (8)	283.13	+4.2	—	8.38	—	271.69	275.10	279.97	278.62	233.88
65	Insurance (Life) (9)	344.64	−0.4	—	5.55	—	345.86	349.87	352.83	354.45	257.69
66	Insurance (Composite) (10)	196.94	+0.3	—	7.22	—	196.28	194.72	195.33	194.67	159.85
67	Insurance Brokers (7)	547.65	—	11.72	4.90	11.87	547.46	547.22	556.92	560.91	403.68
68	Merchant Banks (13)	161.88	+0.4	—	5.33	—	161.29	161.37	161.71	160.53	151.64
69	Property (54)	420.15	+0.3	6.17	4.26	21.36	418.75	417.54	422.53	424.34	459.74
70	Other Financial (14)	207.91	+2.1	13.43	5.66	8.84	203.54	204.01	208.98	207.74	184.08
71	Investment Trusts (109)	391.73	+0.6	—	4.29	—	389.44	393.19	396.55	393.78	310.08
81	Mining Finance (4)	258.90	−0.2	7.93	5.49	16.09	259.29	249.11	263.20	269.06	235.76
91	Overseas Traders (16)	423.95	—	11.77	8.53	11.22	423.88	424.75	433.16	431.72	422.43
99	ALL-SHARE INDEX (750)	390.00	+0.2	—	5.16	—	389.30	387.41	396.16	398.27	326.42

FIXED INTEREST

	PRICE INDICES	Wed Jan 26	Day's change %	Tues Jan 25	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	116.23	+0.29	115.89	—	0.08
2	5-15 years	123.90	+0.73	123.00	—	1.62
3	Over 15 years	128.49	+0.62	128.69	—	1.59
4	Irredeemables	134.89	—	134.89	—	[illegible]
5	All Stocks	122.11	+0.56	122.43	—	0.97
6	Debentures and Loans	99.32	+0.33	98.98	—	1.29
7	Preference	75.22	+0.09	75.15	—	0.21

	AVERAGE GROSS REDEMPTION YIELDS		Wed Jan 26	Tues Jan 25	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.36	9.24	12.58
2		15 years	10.80	10.87	13.75
3		25 years	11.09	11.15	13.54
4	Medium Coupons	5 years	11.69	11.82	15.50
5		15 years	11.95	12.08	15.33
6		25 years	[illegible]	[illegible]	14.73
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12		15 years	[illegible]	[illegible]	[illegible]
13		25 years	[illegible]	[illegible]	[illegible]
14	Preference		[illegible]	[illegible]	[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600

THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

TV ADVERTISING: BY FEONA McEWAN

Desperation sets in as the breaks go blank


Ron Miller: "Any suggestions?"

"THERE'S nothing we can do," Ron Miller, sales director of London Weekend Television, told an impromptu press conference this week. "Any suggestions?"

This, in brief, sums up the intense frustration facing the 15 independent television contractors, hamstrung as they have been for three months, in the midst of the industrial dispute between the Institute of Practitioners in Advertising and the actors' union Equity, a dispute whose bite is getting bloodier for them with each passing empty commercial break.

Although the dispute has blighted the new channel since its birth in November, the effects are cumulative. The situation is now grave. Where once there were ads—often admittedly more rough than ready—there are now slides with music-overs explaining the absence of ads.

All of which means a slow puncture in the accounts of TV contractors, which owe the IBA some £130m this year in subscriptions for Channel 4. Some of the larger companies are now having to consider axeing a number of programmes to raise the money.

Altogether an estimated £30m has been lost so far through the dispute.

Some stations, however, have escaped lightly so far. HTV sales director, Charles Romaine, reports that he is totally on budget for the two independent channels, with many advertisers who had chosen Channel 4 reverting to ITV1.

The air of general frustration, even desperation, took a new turn this weekend when Ron Miller, representing one of the five largest independent companies, took the unprecedented step of appearing in two 30-second commercials with a direct plea to regional advertisers to step forward.

The station, he declared, would settle for £350 for 30 seconds (putting it on a competitive footing with local press and radio) and LWT would even make the commercials if requested.

And this for a slot that in pre-dispute days would have coined an easy £1,200. Similarly, Link television, which represents Tyne Tees and Yorkshire, reports settling for "ridiculously low rates" with a loss of about £1m a month (Yorkshire) and £0.5m (TT). Central Office of Information fillers, slides with music, and the "excuse" card increasingly fill the commercial breaks. The story is the same around most of the country.

One winner in all this is the local advertiser, who now has a golden opportunity to venture on screen at rock-bottom prices.

Not only Channel 4 is affected. TV-AM, the fledgling breakfast contractor, is under more immediate pressure than most with its very future in jeopardy unless the dispute is settled. Last week in a pre-launch transmission, chairman Peter Jay made a special plea to advertisers: "Don't hang back or we all hang together."

LWT's latest direct-sell approach—"I'm Ron—buy me"—followed three weeks' fruitless trawling the agencies for business and is the strongest form of indirect pressure on the dispute a contractor can make without alienating the two sides on which his business ultimately depends.

The argument centres round the method by which actors' repeat fees for commercials are calculated (this is over and above studio fees received for tha job at the time). Equity believes actors should be paid in the time-honoured ITV-1 way, that is according to the number of transmissions, though it has modified this to 50 per cent of those rates. The IPA favours an audience-related system in the light of the smaller audiences Channel 4 and TV-AM can expect after various interim measures hava been turned down. IPA argues it is safeguarding the cost of commercials but Equity sees this as undermining its members' earning power.

The LWT appeal—aimed at regional and local advertisers—fell on 150 interested ears and by Monday afternoon assorted international computer companies, high street stores, merchant banks, garages and holiday companies were talking business.

While the response remains so good—and the dispute continues—LWT plans further such direct assaults. This weekend two follow-up commercials will focus on client testimonials.

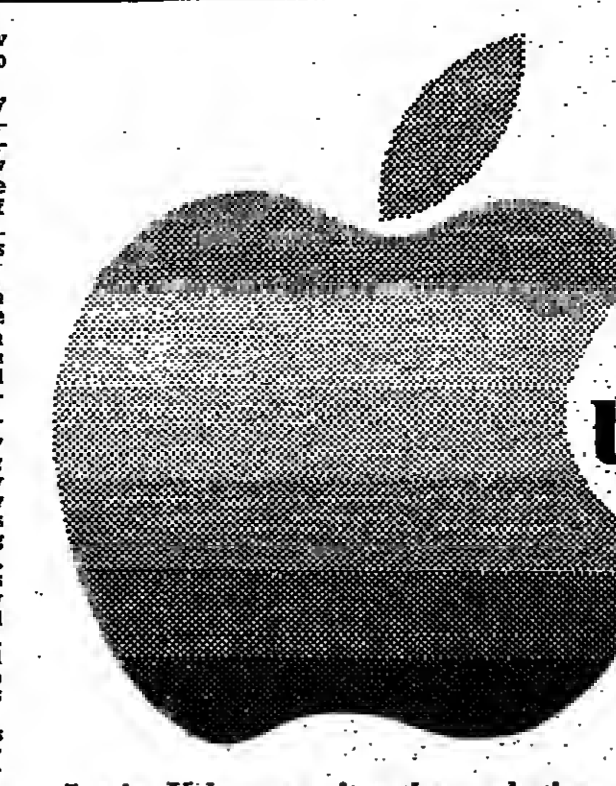
LWT reckons it could generate an extra £20,000 of new business on top of the average weekend figure of £30,000 it has achieved for Channel 4 so far. Under normal circumstances it could expect to collect about £250,000 to £300,000 per weekend. Meanwhile the station faces a £950,000 monthly subscription to the IBA (some £16m a year), which is normally drawn from advertising revenue and overseas sales of programmes.

Miller thinks that his direct-sell exercise illustrates three things: television advertising works; targeting the message—narrowcasting—pays dividends; and that the weekend is a time when people are receptive and relaxed, and is therefore a productive time to approach them.

Miller insists he has always been optimistic about the new channel. "If there was no dispute, I could sell the channel as it is. I could make money with tha current ratings (2.5) though I would prefer 3 to 4 rather than 2 to 3—but that is a tweaking exercise."

"We'll continue as long as it generates business, though please God, we won't have to do it for long."

With luck his prayers could be answered. The two sides have now agreed to talk to officials of the Advisory, Conciliation and Arbitration Service.



Will Lisa upset the Apple cart?

Louise Kehoe examines the marketing challenge facing America's high-flying personal computer manufacturer

"WE ARE defining a new marketplace. It is up to us to prove that it will happen."

Behind that statemeot by Barry Smith, software marketing manager for Apple Computer's "revolutionary" new product, Lisa, lurks a challenge that must be met head on if this shooting star of the U.S. personal computer industry is to remain in the ascendant.

For Lisa has placed Apple in a very different ballpark. For the first time the company has a clear technological lead; has more than one product line; and will be selling to corporate customers rather than individuals.

But while Lisa's technology advantage may be a marketing plus, this may prove relatively short-lived since the industry majors like IBM are hot on its heels. Apple is not gambling everything on this product, though, and it already has plans to introduce another new personal computer, called Macintosh, later in the year, which may well be priced between the company's average of around $2,500 and Lisa's $10,000.

At the same time, Apple's distribution channels are mainly through computer stores rather than a direct sales force—which major competitors like IBM favour and which corporate customers have traditionally preferred to deal with.

Apple is rising to the challenge with a marketing approach designed to initiate its potential corporate customers into what it sees as the major advantages of Lisa. It is also beefing up its distribution channels.

Among the cognoscenti, Apple's oew Lisa is recognised as a highly innovative product. Lisa is the first personal computer that can easily be put to work by a computer novice within an hour. Every other personal computer mada—despite the claims of its makers—is guaranteed to baffle the new user for several days, if not weeks.

Lisa's screen emulates a traditional desktop. "Lisa works tha way you do," Apple boasts. The user can pick out documents containing text or data, review them, change them and merge them. The results can be thrown away by pointing to a picture of a wastebasket, temporarily stored by pointing at a clipboard, stored for future reference by pointing at a file folder, and so on.

The pointer on the screen is controlled by a device called a "mouse." This is a palm sized device that can be rolled around on the desktop to produce a corresponding movement of the pointer.

For the most part Apple's potential customers will not, however, recognise the "revolutionary" features of Lisa. Apple is aiming at the great mass of managers, executives, administrators and professionals who have never touched a personal computer, and who seldom, if ever, use a keyboard. Appla estimates that there are 30m such "knowledge workers" in the U.S. and a similar number in Europe.

It hopes to create a need for personal office computers among this group in the same way that it took part in the creation of the personal computer market back in 1976.

While Apple will, of course, make nse of print and television advertising to garner interest in Lisa, the company's marketing executives believe that there is only one way that they can be sure of making sales. "No one knows that they need Lisa until they see it. When they see it, they will want one," declares Barry Smith.

Over one-third of the market for Lisa is expected to be in large corporations in the first year of the product's life and Apple's strategy has involved a lengthy series of product previews—or "sneaks" as Apple has called them—to more than 70 large corporations.

At Apple's headquarters in Cupertino, California, a tastefully designed room with electronically-controlled screens and shntters that gradually reveal Lisa's secrets was purpose-built for these demonstration sessions.

Following last week's introductions, the demonstrations will continue and will reach wider andiences at compnter shows around the world. Appla plans to supplement industry events with its own seminars for businessmen, allowing them to "experience the revolution."

Apple must sell itself, as well as its new products, to the corporate customers. "We expected to come in here and find a crowd of hippies wearing blue jeans with money dripping out of their pockets," one of Apple's potential new customers is reputed to have commented on visiting the company.

To correct the image, Apple's young executives (chairman Steve Jobs is 27, Lisa manager John Couch is 35) don more conservative attire for their visitors.

But that will not be enough to match the confidence which the name of Apple's chief competitor exudes. In the personal office computer market Appla will come head to head with IBM. For the moment, Apple'a product has a lead over the performance of IBM's personal computer. That lead is not, however, expected to last for more than a few months. "With their resources IBM will always be a ferocious competitor," admits John Couch.

Apple also faces serious competition from Digital Equipment Corporation, Hewlett-Packard, Tandy and a host of other microcomputer manufacturers all aiming at the office market.

To build up new distribution channels for Lisa—most Apple computers hava previously been sold by computer stores—Apple is doubling its direct salesforce to about 100 salesmen in the U.S. It is also lining up an elite group of computer dealers—stores that have salesmen to visit companies and that can offer service and support to customers—that will be designated as Lisa dealers.

These shops will be important in addressing the small and medium-sized companies that will eventually make up the bulk of Lisa's overall potential market, says Apple. Despite these moves, however, industry analysts see distribution as Apple's weakness.

As far as its dealers are concerned, Apple has several problems to overcome. First, it must persuade these small businessmen to invest the time, money and effort needed to support a new product line when they are already overloaded with too many products. Second, Apple has picked up a poor reputation with its dealers since it introduced Apple III two years ago. That product was found to have several "bugs" after it had been shipped and thousands of machines were recalled and replaced. Apple (and to some extent Apple Computer) has never recovered from the experience.

Apple's dealers also feel that they will be carrying some of the risk that is inevitably involved in a highly innovative product. "I'll buy one and see how it goes," is a typical reaction from a computer dealer.

The $10,000 price tag is also a worry. Many dealers feel that the price is too high, although Apple can ably demonstrate the value that it is offering compared with its competitors by bundling together everything that the new computer user will need.

Since Lisa's development began at Apple in 1979, the company has ploughed $50m into the project, and expects to spend a lot more on marketing it. "Wa are betting our company on the strategic decisions we made on Lisa," says Apple chairman and co-founder, Steve Jobs. Analysts project that Apple may sell 10,000 Lisas in 1983 and most predict that the product will be a success.

Lisa is not, however, without its critics. Several industry analysts have suggested that Lisa is too expensive, although the system comes with more peripheral devices than most personal computers. It seems that Apple was forced to include these in order to maximise tha performance advantage of the product.

Has Apple been too innovative? Some suggest that Lisa's graphics and mouse, although initially tantalising, will become irritating to the user and will be inefficient in constant use. Lisa is the first of a new generation of personal computers. Apple's competitors will no doubt copy, and in some cases improve upon the technology pioneered by Appla.

"We don't feel as if we have much time. We must move as fast as possible to position the product as precisely as possible," it says.

Tobacco industry aims to set the record straight

IN A smoke-filled room this week the Tobacco Advisory Council announced its new advertising campaign to speak up for Britain's 18m beleaguered smokers.

The council, which represents Britain's cigarette manufacturers, feels that smokers, not to mention the industry, have had a raw deal lately; the 33p tax increase on a pack of 20 over the last three years (including the largest single increase in the 1981 budget) makes Britain's smokers the most taxed in Europe bar the Danes. Three-quarters of the cost of every 20-pack is now tax. To an industry that regards itself as making considerable contributions to the nation's economy this is regarded as unfair and discriminatory.

"Draconian fiscal treatment," as TAC chairman, Sir James Wilson, put it this week, plummeting sales (down 15 per cent in the past two years to an annual 102bn cigarettes) and job losses (70,000 including loss from related industries) have moved the manufacturers to break the silence, and in a "straightforward and unemotional way," to tell the public the facts.

The new campaign, costing initially £½m and lodged with top agency Ogilvy and Mather, will attempt to set the record straight. In a timely run-up to the Budget, the press ads, theer so far, will concentrate on taxation under the heading "Did you know?" One example: over 40 per cent of the adult population smoke and pay £11½m a day in taxes on tobacco.

If public interest is favourable, further topics that have become a bugbear to the industry could include the threat to jobs, freedom of choice, freedom to advertise, smoking in public places.

At a meeting with the Treasury this week the industry made e special plea for a tax reduction on tobacco and cigars, and requested a standstill on cigarettes.

FMcE

TECHNOLOGY

EDITED BY ALAN CANE

GOLDEN RIVER LOGS THE TRAFFIC FLOW

UK beats an Arizona problem

BY ALAN CANE

LOUIS SCHMITT, deputy director of transport planning for Arizona, had a weight problem. His highways were being pounded to pieces by heavy trucks whose drivers were ignoring loading regulations — and until recently, there was no effective method of weighing a truck at speed on the highway.

Now Schmitt has taken delivery of a prototype device which promises to be able to weigh and measure trucks as they pass over it at speeds of up to 75 mph.

The device, a rubber mat with electronic circuitry which changes in capacitance as the truck passes over it was designed at the National Institute for Transport and Road Research in Pretoria, South Africa.

The complex electronic storage devices and the connections between the mat and the controller were the work of Golden River, a small UK company which has made a good name for itself over the last few years in vehicle data logging. Golden River believes it is the first company to develop a system which will weigh vehicles at speed, and its Arizona prototype has aroused plenty of interest.

Hugh Routledge

Mr Michael Dalgleish, managing director of Golden River, holds the "Retriever" computer at the A41 vehicle logging site. At the front of the secure box holding the logger can be seen two solar panels providing power to the unit.

While UK authorities like the Government Road Transport Research Laboratory have not yet had the opportunity to test the weight logger, the Arizona authorities were pleased enough with the prototype to order a further 20 units.

What makes the system even more attractive is that it costs only $48,000 against $200,000 for the older, mechanical type of logger which can weigh moving vehicles but at a very low speed.

The Golden River system measures the weight of the truck, the number of axles and even the direction of travel.

Golden River is making its fortune out of one of the most time honoured principles in commercial electronic engineering—find a product based on mechanical or electromechanical technology in a narrow market sector, replace the mechanical workings with microelectronics giving the customer a host of extra advantages at a reduced price—and clean up.

It is, of course, not quite as simple as that as Mr Michael Dalgleish, founder and managing director of Golden River is the first to admit. The company has been through difficult times —especially in 1980-81 when cuts in local authority spending meant a dramatic fall in the demand for vehicle loggers.

Now turnover in the UK is £1.3m and growing at 60 per cent a year. It has a U.S. subsidiary which turned over about $1m called Golden River Corporation "We thought Golden River Inc. looked a bit odd" muttered Mr Dalgleish, a dry, laconic Australian.

Dalgleish has been in the UK for over a decade working as a civil engineer before setting up Golden River on his savings and the knowledge that the first customer for his prototype vehicle logger—Telford Development Corporation—were pleased enough to order another half dozen units within a week of taking delivery of the first.

Before Golden River was formed, most of the vehicle logging equipment in the UK was provided by two U.S. firms, Streeter-Amet and Leopold Stevens; these were effective but cumbersome units running off car batteries and punching holes in paper tape for feeding later to a computer.

Dalgleish reasoned that the use of CMOS microelectronics, which has a low power requirement together with tape cassette or solid state memory, offered greater possibilities. The logger is the "black box" secured to the roadside and attached to the sensor—which can be anything from a sealed rubber tube generating a puff of air every time a car passes over it to sophisticated induction loops buried deep in the roadway.

Now Golden River faces competition from a host of new companies which have followed the same line—an example is the U.S. company Sarasota Engineering.

Inspector Rod Winter of Sussex Traffic Division says: "We are using the Golden River logger extensively now. After a trial we have been able to recommend it to all the UK police forces for traffic management purposes."

Now the company in looking for diversification is moving into the water industry—its first product is a flow survey instrument package which will record flow velocity and pressure continuously.

Essentially, the principle is the same for all Golden River systems. On site there are the sensors of a variety of types, attached to the data logger itself. In Golden River's more advanced equipment the batteries which run the logger are supplemented by solar energy collection panels.

A portable computer—the "Retriever" is used to collect the data from the logging unit —or the data can be fed along a telephone line directly to the customer's computer.

An experimental site along the A41 makes it possible to identify traffic density on a 24 hour basis and to measure the average speed of drivers using the road.

On the 17th of this month, for example, at 10 o'clock at night over 30 per cent of drivers were travelling at more than the legally permitted maximum.

Golden River set up a test site outside the factory gates and were able to tell the local police that 85 per cent of drivers were doing more than the legal limit.

The police immediately set up a speed trap there—and nabbed three Golden River employees, Mr Dalgleish recounts ruefully.

FIBRE OPTICS

McMichael enters the field with 'workhorse' package

BY GEOFFREY CHARLISH

BASED ON two decades of television and digital electronics experience, GEC-McMichael of Stoke Poges has entered the fibre optics systems business with a cost effective "workhorse" communications package aimed at the closed circuit television (CCTV) and computer markets.

Technical director Mr G. Cooper believes the CCTV and computer industries have been put off fibre cable by the absence of cost effective complete answers to their problems. Optical fibre systems manager Bill Heath thinks that development has been piecemeal and people have been convinced that terminating and joining the cable is difficult. In any event he asserts, many solutions have been too expensive.

Both men make the point that the exposure given to higher technology monomode wide-band systems for PTTs has also led the ordinary industry user to feel that "fibre is not for me."

Now, the McMichael men have developed a system that can be installed for about £1 per metre and can provide a simple CCTV connection system that allows longer cable runs to cameras without amplification or correction. The system can be installed in any duct without the worries of electromagnetic interference (EMI), and it requires the use of only two 0.25 inch diameter cables, one for the video and the other for multiplexed camera control signals.

Such a system will almost invariably turn out to be cheaper than the copper equivalent claims McMichael.

Well over one kilometre of the cable can be deployed without loss of picture quality (colour included). This is in spite of the fact that straightforward amplitude modulation of the emitted light is used, albeit from one of the newer types of high radiance light emitting diode. The fibre is of the stepped index plastic clad variety made by a Corning subsidiary in France.

This move into a commercial market marks a new phase in the company's development. Since the McMichael name left the TV domestic receiver scene in the mid-1960s, the company has concentrated successfully on a range of professional TV and military systems and it made an early deployment of microprocessors in sonar equipment in 1976.

It has been making two megabit Codecs for British Telecom, ACE TV standard convertors under licence from the BBC and is now understood to have its eye on both the direct broadcast and cable television markets that are expected to build up over the next few years.

In the meantime it is putting its toe in the water with practical, industrial fibre optic equipment. Apart from CCTV, other systems have been developed to allow computers and their peripherals to be connected easily and cost effectively by fibre cable.

RS232 interface plugs with on-board electro-optical conversion have been designed which the company claims are more cost-effective than the coaxial line drivers that are needed for copper cable runs.

In addition, a multiplexer has been developed that allows several computer channels to be transmitted down a single fibre optic cable.

In view of the previously strong association with defence, BT and the BBC, commercial marketing is not yet a developed function at GEC McMichael and so the new products are to be distributed by the London company Micro Monitor (01-624 0103, Mr A. J. Mulholland).

The GEC company will, however, continue to service large-scale customers (02816 2777, Mr W. S. Heath).

PERSONAL COMPUTERS

Tandy announces two models

WHILE new personal computers from IBM and Apple are hogging the limelight, the pioneers in the personal computer business continue to produce new and better machines.

At the "Which Computer?" show in Birmingham last week, Tandy—maker of the best selling Tandy TRS-80 machine announced two new models—the Model 12 featuring a 12 million byte (or character) hard disk, and the Model 16, a multi-user, machine with a 16 bit main processor and the Xenix operating system.

The Model 12 costs $3,199 for the one-disc version and $3,999 for the twin-disc.

The Model 16 costs £3,599 for a 128K system—but an eight million byte hard disc and 128K of additional memory is required as the minimum for a multi-user configuration.

The machine is already available in Tandy's high street computer centres but the multi-user operating system TRS-Xenix (a development of the now fashionable 16-bit operating system Unix developed by Bell Labs, will not be available in UK stores until the end of February, according to Tandy.

Multi-user business applications software, written in the UK will be on sale in June.

The machine specification shows that housekeeping inside the computer is handled by a Z-80A microprocessor while a Motorola MC68000 16-bit microprocessor provides the processing power and multiuser handling capabilities.

Up to three terminals can be run simultaneously handling different applications at high operating speeds and memory capacity can be expanded from 128,000 bytes to 512,000 bytes.

The machine has two RS232 interfaces allowing it to be interfaced bisynchronously to IBM or other mainframes.

Both the Model 12 and the Model 16 can be connected to ARCNET, a forthcoming system which will allow the connection of up to 255 TRS-80 computers for high-speed local networking.

More from Tandy on 0922 648181.

Navigation

Modular buoy

LAUNCHED by Single Buoy Moorings (UK) of Twickenham (01-891 3434) in conjunction with Avon Industrial Polymers is a modular buoy system called Soft Buoy which is claimed to have advantages over conventional types.

Rubber toroids 2.5 metres in diameter can be assembled over a central shaft one, two or three at a time to give buoyancies of 3.2, 7.5 and 11.5 tonnes respectively.

Each toroid is a continuous cord reinforced rubber membrane which is tough and durable but relatively light, giving the buoy a very good weight to payload ratio. In addition, the rings will yield under impact, preventing damage in the event of collision with a vessel.

The modular design allows various applications. For example, one toroid can be used as a navigational buoy, while two or three will form an effective deep-water anchor pendant buoy.

Tool system

Sandvik

SANDVIK of Halesowen in the West Midlands has now introduced to the UK market its block tool system for CNC turning machines. The company claims that its system offers a solution to the problem of effective tool changing on CNC machines.

Sandvik says that in the past the unmanned operation of turning machines has been difficult because cutting cycles and tool life have been short. Users of CNC lathes have not exploited their machines to the full, but block tooling means that high speed changes can be effected with a high degree of precision to assure dimensional repeatability and rigidity to enable metal removal rates to be maximised. More on 021-550 4700.

INTERNATIONAL CAPITAL MARKETS

Lower coupons for SwFr bonds

By Peter Montagnon in London

A TREND towards lower coupons in the Swiss franc bond market was confirmed yesterday when American Express International Banking Corporation was awarded an interest rate of only 4¾ per cent on its new SwFr 100m issue.

This is the lowest coupon paid by a foreign borrower in the Swiss market since late 1979 and in part reflects the rarity value of the paper – American Express last issued a bond in Switzerland in 1978.

But lead manager, Soditic, also pointed out last night that the yield on the issue is in line with existing secondary market yields for U.S. corporate names, such as Philip Morris, which are traditionally popular with Swiss investors.

At the moment the Swiss bond market is benefitting from a flow of funds out of Germany, ahead of the elections scheduled there in March. Swiss bankers also say that investors have been cashing in currency profits on dollar paper in favour of Swiss franc investments.

American Express, whose 10-year issue is priced at par, will use the proceeds as partial financing for its recently announced acquisition of the non-U.S. interests of Trade Development Bank of Geneva.

In general, continental bond markets have been much more receptive to new paper this week than the dollar sector of the Eurobond market, which continues to suffer from the weight of unplaced new issues, although some further modest gains were again recorded yesterday.

Further credits agreed for Mexico

By Peter Montagnon and Hugh O'Shaughnessy

MEXICO has arranged $1.84bn in additional export credits from western governments for this year to complement its rescheduling package from commercial banks, according to Sr Jesus Silva Herzog, the Finance Minister.

Speaking in London on Tuesday, Sr Silva Herzog said the total put Mexico well on the way to its target of $2bn – $2.5bn in new official credits this year, to go with the $5bn in new funds being provided by commercial banks.

He said the UK had agreed to put up some $200m of the total. The largest lender would be the U.S. – with a total of $1bn – while Japan would provide $240m.

Sr Silva Herzog is on a tour of Europe and the Far East in an effort to complete arrangements for the export credit package.

This is intended to provide new funds for Mexico – and to show that governments as well as banks are shouldering the burden of helping Mexico out of severe problems, with an $83bn foreign debt.

He added that he wanted to improve relations with commercial banks now that their part of the package, which involved $19.7bn in rescheduling and $5bn in new loans, was well under way.

A residual problem for the banks remains Mexico's private-sector debt, not covered in this package.

Sr Angel Gurria, Director of Public Credit, said the Mexican Government recognised a need to ensure that foreign currency was available for the private sector to service foreign debt.

This is $14bn, excluding the $6bn incurred by the commercial banks nationalised by former President Jose Lopez Portillo.

Referring to the likelihood of an appreciable fall in international oil prices, Sr Silva Herzog said that the overall effects for the Mexican economy would be negative.

His Government would, however, expect to make up some shortfall in export revenues by reduced costs of servicing foreign debt resulting from lower international interest rates.

Optimism at Phibro-Salomon

PHIBRO-SALOMON, the commodity trading and investment banking group, has said its earnings would be higher in the fourth quarter of 1982 and for the year as a whole, even though the final three months would carry an after-tax charge of $30m.

About $15m of this charge relates to a non-recurring write-off of all its 30 per cent interest in a New Mexico copper property.

In 1981, the company earned $289.3m. Salomon Brothers, which was acquired effective in October 1981, made a pre-tax contribution of $80m, and is likely to have made substantially higher returns in the boom conditions of recent months. Nine months through 1982, the group's net income was up from $208m to $239m. The full-year figures are expected in mid-February.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for January 26.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 88/97	150	108	108½	0	-1¼	11.36
Amex O/S Fin 14⅛ 89	75	108⅞	109⅝	-0⅛	-0⅝	12.06
Amro Bank 13 89	200	105¼	105⅝	0	-0⅝	11.76
BHP Finance 14⅝ 89	150	105⅝	105⅞	+0⅝	-2½	13.33
Bk Montreal 14½ 87	100†	106½	107	-0⅝	-1⅞	12.34
British Col Hyd 14⅝ 89	200	110⅝	110⅞	+0⅝	-1⅝	12.10
British Col Hyd 15¼ 92	150	114⅝	114⅞	+0⅛	-1⅛	12.40
Canada 14⅜ 87	750	109½	110	+0½	-0⅝	11.38
Canadair Ltd 12½ 89	175	104	104½	-0⅛	-1¼	11.54
Canadian Wheat 11¼ 90	50	99¼	99¾	0	-0⅛	11.33
Can Pac Ltd 14⅝ 92	75	106	106½	+0½	-0⅞	13.01
Can Pac Sec 15 89	75	107	107½	-0⅛	-0⅛	13.22
Citicorp O/S 16 84/92	100	104½	105	+0½	-0⅝	10.63
Coca Cola Int 11¾ 89	100	105¼	105¾	-0⅛	-1⅞	10.53
Credit Suisse 10½ 89	100	99⅛	99⅝	0	-1⅞	10.82
Deutsche Bk Fin 14¼ 90	300	109⅝	110⅛	+0⅛	-0⅝	11.96
Du Pont 11¼ 85	150	99⅞	99⅝	+0⅜	-1⅛	11.38
Du Pont 14½ 89 WW	200	106⅞	107⅜	+0⅛	-0⅝	12.43
E.D.C. 10⅝ 88	100	98½	99	+0⅛	-0¾	11.00
E.D.F. 12⅝ 87	150	102⅝	103⅛	+0¼	-1	11.96
E.E.C. 11½ 95	200	97	97½	+0⅝	-0⅞	11.94
E.I.B. 15½ 92	100	110⅝	111⅛	0	-1⅞	13.34
Esportfinans 14½ 89	50	106⅝	106⅞	0	-1	12.85
Exp Dev Corp 11¾ 87	100	101¼	101¾	+0⅛	-1½	11.29
Forsmarks 13⅝ 92	75	102⅜	102⅞	+0¼	-1⅞	13.22
Gaz de France 12⅛ 93	175	[illegible]	[illegible]	-0⅝	-2½	12.47
Gen Elec Credit 12 89	100	105¼	105¾	+0¼	-1⅞	10.77
Getty Oil Int 14 89	125	107½	108	+0¼	-1½	12.13
GMAC O/S Fin 15 87	100	108⅝	109⅛	+0⅝	-0⅛	12.17
GMAC O/S Fin 15 89	125	110½	111	+0⅛	-0⅝	12.40
Gulf Oil Fin 12¼ 87	100	104½	104⅝	+0⅞	-1⅞	10.97
IBM World Trade 12¼ 92	200	110⅝	110⅞	+0⅞	+0⅝	10.43
Lloyds Euro 11½ 94	100	[illegible]	[illegible]	+0⅛	-1⅞	11.83
Manitoba Prov 11¾ 89	125	103¼	103¾	+0¼	-1½	10.97
Manitoba Prov 13⅝ 89	100	108⅝	109½	+0⅜	-1⅞	11.72
Midland Int Fin 11½ 92	150	99⅝	99⅞	0	-1⅛	11.68
Nat West Fin 11⅝ 92	150	100¼	100¾	+0⅛	-0½	11.04
New Brunswick 15¼ 87	75	111¼	111¾	+0½	-0⅝	11.76
Newfoundland 15½ 90	75	110⅝	110⅞	+0½	-1⅞	13.10
Nova Scotia Prv 15¼ 90	75	113⅛	113⅝	+0⅝	-1⅝	12.11
Ontario Hydro 11½ 89	200	100⅝	101¼	0	+0⅛	11.83
Ontario Hydro 12⅝ 92	200	104⅝	105¼	+0¼	-2	11.83
Ontario Hydro 15 92	150	114⅞	115⅜	+0⅛	-1⅝	12.19
Prudential O/S 12⅝ 87	150	105	105½	+0¼	-0⅝	11.22
Quebec Hydro 11½ 92 8	100	97⅞	98⅛	+0½	-0⅝	11.84
R. J. Reynolds 12⅝ 88	100	105	105½	+0¼	-0⅝	11.56
Saskatchewan Prov 15 92	150	113⅛	113⅝	+0⅛	-1⅝	12.49
Shell Canada 14⅝ 92	125	106½	107	+0½	-1⅝	13.04
Superior O/S Fin 14 89	125	106⅝	107½	+0½	-0⅞	12.33
Swed Exp Credit 14⅝ 90	100	106⅝	107½	+0⅛	-1⅛	13.18
Swiss Bk Corp 10⅝ 90	125	97⅞	98⅛	0	-1½	10.97
U.B.S. 10⅝ 87	200	100⅞	101⅜	+0⅛	-2	10.42
U.B.S. 11 89	150	101¼	101¾	+0¼	-2¼	10.69
Walt Disney Pro 12½ 89	75	103½	104	0	-1⅞	11.59
World Bank 10⅞ 90	200	97⅞	98⅛	+0⅝	-0⅝	11.27
World Bank 11⅛ 98	100	96⅞	97⅜	+0⅛	-1⅛	11.53
World Bank 13¼ 87	300	105⅝	106⅛	+0⅝	-1½	11.51

Av. price changes: on day +¼, on week -1¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8⅛ 92	80	100⅞	101⅜	+0⅛	-0⅛	8.06
Asian Dev Bank 8⅛ 92	150	99⅝	99⅞	+0¼	0	8.30
Asian Dev Bank 8½ 92 (AG)	150	103	103½	-0⅛	-0⅞	8.72
Australia 7¾ 92	200	102⅝	103⅛	+0½	-1⅝	7.34
Bayer Capital 7⅝ 88	150	99⅞	100⅜	+0½	-0⅛	7.57
Beecham Fin 8⅛ 92	125	100¼	101	+0⅝	-0⅝	8.02
Black & Decker 8½ 89	100	103⅝	104⅛	+0⅛	-1¼	8.30
Caisse Nat Tele 8 93	100	99⅞	100⅜	+0⅝	+1	7.98
E.C.S.C. 7½ 93	150	98⅛	98⅝	+0⅛	+0½	7.72
E.C.S.C. 8 94	200	100⅝	100⅞	+0¼	-0⅝	7.91
E.E.C. 8 94	200	99⅞	100⅜	0	-0½	7.96
E.I.B. 8¼ 92	200	100⅞	101⅜	+0⅜	-1	8.07
GKN 8⅞ 89	100	98⅛	98⅝	+0½	+0¼	8.66
Gould Int Fin 8¼ 88	75	101	101½	+0½	-0⅛	7.97
Ireland 8⅞ 91	150	99⅛	99⅝	+0⅛	+0¼	8.96
ITT Antilles 8¼ 92	100	100⅛	100⅝	0	-0⅛	8.23
McDonalds Fin 7⅛ 92	100	99⅝	100¼	0	-0⅛	7.12
Mitsubishi Heavy 7⅝ 87	150	100⅛	100⅝	+0⅛	+0⅛	7.49
Norsk Hydro 8 92	100	104⅝	105⅛	-0⅛	-1⅛	8.26
O.K.B. 8⅛ 89	100	102⅞	103⅜	0	-1¼	8.20
Philips Lamps 8½ 87	100	106½	107¼	0	+0⅛	7.46
Sweden Kingdom 8¼ 89	150	100⅝	101⅛	+1½	0	8.00
World Bank 8¼ 92	200	101¼	101¾	+0⅛	-0⅛	8.04
World Bank 9 92	200	104⅝	105⅛	+0¼	-0¼	8.26

Av. price changes: on day +⅛, on week -⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
B.F.C.E. 6¼ 92	100	102⅜	102⅝	-0¼	-0⅝	5.90
Bowater In Fin 6 92	100	103⅝	104⅛	+0½	0	5.46
Chugoku Elec.pow 6⅛ 87	100	103⅝	103⅞	+0⅝	+0⅛	5.60
City of Oslo 6¼ 92	100	105½	106	+0⅝	-0⅞	5.53
E.E.C. 6⅛ 92	100	104⅝	104⅞	+0½	+0¼	5.63
E.I.B. 6¼ 92	100	103⅝	103⅞	0	0	5.73
Eurofima 6⅝ 92	100	104⅝	104⅞	+0½	+0⅛	6.12
First Interstate 6 92	100	104	104½	+0⅝	+0⅛	5.46
Gaz de France 6 93	100	102⅞	103⅛	-0¼	+0⅛	5.60
Japan Air Lines 6 94	100	103⅝	103⅞	-1⅛	-1½	5.56
Japan Dev Bk 5¼ 92	100	101⅝	101⅞	+0½	+0⅛	5.02
Kawasaki Steel 6½ 92	100	103⅞	104¼	+0¼	-0⅛	5.94
KLM Dutch Air 6¼ 92	80	104½	104⅞	-0⅛	0	5.87
Kyushu Elec Power 6 92	100	102⅝	102⅞	+0⅛	+0¼	5.66
Montreal Urban 6½ 92	100	105⅝	105⅞	0	-0½	5.74
New Zealand 5¼ 92	100	102⅝	102⅞	+0¼	0	4.88
Nisshin Steel Co 6⅛ 92	100	102⅝	102⅞	-0⅛	-0⅛	6.03
O.K.B. 6⅝ 93	80	101⅝	101⅞	0	0	6.50
Philip Morris 5¼ 92	100	103⅝	104⅛	+0½	-0⅛	4.73
Philips Lamps 5¾ 92	100	104⅝	104⅞	+0¼	0	5.11
Quebec 5¾ 92	100	103⅝	103⅞	0	-0⅛	5.25
Sweden Kingdom 5⅞ 92	100	101⅞	102⅛	+0⅛	+0⅛	5.60
Tokyo Elec Power 5⅛ 92	100	102⅝	103⅛	0	-0⅛	5.47
Tokyo Metropolis 5⅞ 92	100†	101½	101¾	+0⅝	-0⅛	5.16
World Bank 5½ 93	100	101⅞	102⅛	+0¼	+0¼	0.24
World Bank 6¼ 92	100	104⅞	105½	-1	-0⅛	5.57

Av. price changes: on day +⅛, on week -⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	105	105⅝	-0¼	-2½	7.81
E.I.B. 8¼ 92	15	103¼	104	0	-1⅝	7.68
Japan Airlines 7⅞ 87	9†	100¼	100⅝	-0⅛	-2	7.72
New Zealand 8⅛ 87	15†	105	106	-3	-1⅞	7.90
World Bank 8⅛ 92	20†	103⅝	104½	-0⅛	-2¼	7.72

Av. price changes: on day -⅛, on week -2

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit Col Tel 17¼ 88 C$	50†	113¼	113¾	+0⅛	-0⅛	13.60
Can Utilities 17 87 C$	35†	114	115	+0⅝	+0½	12.55
Gaz de France 15 88 C$	75†	109⅝	109⅞	0	-1⅛	13.44
Gaz Metro 14½ 92 C$	40†	106	106	0	+0⅝	13.44
O.K.B. 16⅛ 88 C$	63†	113⅛	113⅝	-1⅛	+0¼	12.90
Quebec Hydro 14 92 C$	60†	107⅛	107⅝	0	-0⅛	12.60
Univ Quebec 16⅛ 87 C$	17†	106	106½	0	-1	14.83
Ireland 12⅝ 90 Ecu	30	100⅛	101⅛	0	0	12.60
Thom Brand 12½ 87 Ecu	40	100⅝	101⅛	0	0	12.31
Amfas 8½ 87 Fl	60	104⅝	104⅞	+0⅛	-0⅝	8.29
Amro Bank 8½ 87 Fl	100	105⅝	106⅛	-0⅛	-1⅛	7.87
Neder Middb 8⅝ 87 Fl	100	106	106½	+0¼	-0⅛	7.50
Nedlloyd Grp 10⅛ 87 Fl	75	105⅝	106⅛	+0¼	-0⅝	8.80
Van Lanschot 10⅝ 87 Fl	50	108½	109	+0⅛	-0⅛	7.92
World Bank 10 87 Fl	100	107⅝	108⅛	+0¼	-0⅝	7.92
O.K.B. 14 86 FF	400	97⅞	98⅜	0	+0⅛	14.80
Solvay & Cie 14⅝ 86 FF	200	96⅝	97⅛	+0⅛	-0⅛	15.82
B.F.C.E. 14½ 87 £	30	104½	105½	+0⅝	0	12.88
C.E.C.A. 13½ 88 £	20	100⅝	101⅛	+0⅛	-0½	13.17
C.N.T. 12½ 88 £	20	97⅞	98⅜	+0⅛	-0⅞	12.96
Fin For Ind 12⅛ 88 £	30	99⅛	100⅛	-0⅝	-1½	12.31
Fin Mat Grand 12⅝ 92 £	30	21½	22⅛	0	-1⅛	13.26
Gen Elec Co 12½ 88 £	50	102	103	0	0	11.80
Hiram Walker 14⅝ 86 £	25	104	105	+0⅛	-0⅛	12.41
Mort Bk Fin 11⅞ 89 £	15	22⅝	23⅛	+0⅝	-0⅝	13.61
Norsk Hydro 12 90 £	30	25⅝	26⅛	+0⅛	0	13.10
Norsk Hydro 14½ 87 £	30	104⅝	105⅛	+0⅝	0	12.85
Quebec 14½ 05 £	30	102⅝	103⅛	+0½	-0⅛	13.75
Quebec 15½ 87 £	35	106⅝	107⅛	-0½	-0⅝	13.25
S.D.R. France 15½ 92 £	30	103	104	0	-0⅝	14.75
S.N.C.F. 11½ 89 £	30	16½	17½	+0⅛	-1⅛	13.40
Tenneco Int 14⅝ 87 £	30	104⅝	105⅛	0	+0⅛	13.11
World Bank 11⅝ 07 £	75	22⅝	23⅛	+0⅛	-0⅝	12.80
Eurofima 10½ 87 LuxFr	500	99½	100½	0	-0⅛	10.47
Europarat 12½ 92 LuxFr	500	104¼	105¼	0	-0⅝	11.84

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	97⅝	98⅛	10/4	10⅝	10.86
Bank of Tokyo 8¼ 91 (D)	0⅛	99⅝	100⅛	10/6	9⅝	9.75
Bank Nova Scotia 5¼ 93	0⅛	99⅝	99⅞	20/4	10½	10.54
B.F.C.E. 5¼ 88	0¼	98⅝	99⅛	20/7	9⅝	9.24
B.F.C.E. 5¼ 87	0⅛	99	99⅛	27/1	14	14.11
Caisse Nat Tele 5¼ 90	0⅛	98⅝	99⅛	21/4	10.50	10.87
C.C.C.E. 5¼ 2002	0⅛	98½	99⅛	11/3	9⅝	10.04
Cepme 5¼ 92	0½	98⅝	99⅛	10/6	9.94	9.99
Chemical NY 5¼ 94 ††	0¼	100	100⅛	23/3	9.94	9.91
Credit Agricole 5¼ 97	0¼	99⅛	99⅝	24/3	12⅝	12.90
Credit du Nord 5½ 92	0½	98⅛	98⅝	23/6	10⅝	10.23
Credit Lyonnais 5¼ 97	0¼	99⅛	99⅝	1/4	12.19	12.23
Credit Lyonnais 5¼ 94	0¼	98⅞	99⅛	5/7	9⅝	9.82
Credit Nat 5¼ 94 ††	0⅛	98⅞	99⅛	9/3	13.19	12.29
Kansallis Osake 5½ 92	0¼	99⅝	100⅛	8/5	10.06	10.06
Lloyds Eurofin 5¼ 93 §	0⅛	100⅛	100⅝	20/4	10.56	10.52
Long Term Cred 5¼ 92	0½	99⅝	100⅛	27/5	10⅛	10.14
J.P. Morgan 5¼ 97 §	0¼	99⅞	100⅜	14/2	10.06	10.05
Nat West Fin 5½ 91 §	0⅛	99⅝	100⅛	15/7	9⅝	9.25
New Zealand 5¼ 87	0⅛	100½	100⅝	7/4	12½	12.45
NZ Steel Dev 5¼ 92	0½	99¾	100⅛	22/6	10.10	10.10
Nippon Credit 5¼ 90	0⅛	99⅝	100⅛	10/2	13⅝	13.60
Offshore Mining 5¼ 91	0¼	99⅝	100⅛	2/6	10.44	10.42
Scotland Int 5¼ 92	0⅛	99¾	100¼	23/3	13¼	13.25
Sec Pacific 5¼ 91	0⅛	99⅝	100¼	24/5	10.06	10.06
Société Générale 5¼ 95	0⅛	99⅝	99⅞	1/3	12.81	12.88
Standard Chart 5¼ 91	0⅛	99⅝	100⅛	10/5	10.63	10.69
Sweden 5¼ 89	0⅛	99	99½	25/2	11.81	11.90

Av. price changes: on day 0, on week -½

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem.
Ajinomoto 5⅛ 96	7/81	933	91⅝	92⅝	+3	8.88
Bridgestone Tire 5½ 96	3/82	470	95⅝	97⅛	-0⅛	3.18
Canon 7 97	7/82	748.2	160⅝	162½	+1⅛	-4.57
Fujitsu Fanuc 4½ 96	10/81	5614	97⅝	98⅝	+2¼	24.42
Hitachi Cable 5⅛ 96	2/82	515	92½	94	+0⅝	1.13
Hitachi Credit Corp 5 96	7/81	1612	91⅝	93⅝	-1⅞	10.95
Honda Motor 5½ 97	3/82	836.0	119½	121	+2	5.14
Kawasaki 5¼ 96	9/81	229	71	72½	0	28.71
Kumagai Gumi 6½ 97	10/82	400	109⅝	110⅝	+0¼	2.95
Kyowa Hakko 6⅛ 97	2/83	782	101½	103	+0⅛	13.06
Marui 6 96	7/81	846.4	115	116½	-1	1.77
Minolta Camera 5 96	10/81	826.4	70	71½	-0¼	34.73
Minorco 9¼ 97 †	5/82	8.10	138	140	+1	2.40
Murata 5¼ 96	7/81	1071	80	90¼	+1¾	23.23
NKK 6½ 96	7/81	180	80⅛	81⅝	-0⅝	25.26
Nippon Electric 5¼ 97	2/82	804.2	116⅝	117⅝	-0⅛	7.81
Olympus Optical 6⅛ 97	12/82	1331	102⅝	104⅛	0	14.32
Orient Finance 5⅛ 97	3/82	1205	94⅝	96⅝	-3⅝	-3.10
Sanyo Electric 5 96 †	10/81	652	80½	82	0	24.25
Sumitomo Electric 5½ 97	3/82	577.3	96⅝	98⅛	-0⅝	11.84
Sumitomo Metal 5¼ 96	10/81	298.1	72	73½	-0⅛	47.42
Olympus Opt 4½ 92 SF	12/82	1331	106⅝	108⅝	+0⅛	31.13
Konishiroku 6¾ 88 DM	8/82	816	109¼	110¼	+0⅝	7.17
Mitsubishi Heavy 8 89 DM	2/82	263	100⅝	102	+0⅝	9.36
Sun Realty 6¼ 92 DM	2/83	365	103⅞	106¼	+0½	2.53

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cy. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

North American Quarterly Results

BAXTER TRAVENOL LABS

Fourth quarter	1982 $	1981 $
Revenue	448.2m	407.8m
Net profits	53.9m	43.3m
Net per share	0.73	0.62
Year		
Revenue	1.67bn	1.5bn
Net profits	185.8m	150.6m
Net per share	2.60	2.15

BLUE BELL

First quarter	1982/83 $	1981/82 $
Revenue	240.4m	262.7m
Net profits	4.08m	6.22m
Net per share	0.32	0.49

CERTAINTEED CORPORATION

Fourth quarter	1982 $	1981 $
Revenue	208.1m	185.2m
Net profits	2.75m	†6.27m
Net per share	0.12	†0.55
Year		
Revenue	827.3m	891.5m
Net profits	17.1m	19.90m
Net per share	†0.86	†1.07

† Loss

CITY INVESTING

Fourth quarter	1982 $	1981 $
Revenue	1.46bn	1.47bn
Net profits	27m	23.5m
Net per share	0.89	0.84
Year		
Revenue	5.77bn	5.69bn
Net profits	131.1m	120.2m
Net per share	3.43	3.25

DIAMOND SHAMROCK

Fourth quarter	1982 $	1981 $
Revenue	755.3m	872.5m
Net profits	40.2m	59.7m
Net per share	0.73	0.89
Year		
Revenue	3.17bn	3.37bn
Net profits	140.5m	230.2m
Net per share	2.37	3.68

FOREMOST-McKESSON

Third quarter	1982/83 $	1981/82 $
Revenue	1.06bn	1.02bn
Net profits	18.46m	20.09m
Net per share	7.09	1.28
Nine months		
Revenue	3.05bn	2.87bn
Net profits	48.25m	50.8m
Net per share	2.77	3.18

FREEPORT-McMORAN

Fourth quarter	1982 $	1981 $
Revenue	191.8m	198.8m
Net profits	21.19m	30.57m
Net per share	0.30	0.44

GUARDIAN INDUSTRIES

Fourth quarter	1982 $	1981 $
Revenue	116.8m	96.1m
Net profits	7.43m	6.83m
Net per share	0.44	0.43
Year		
Revenue	418.8m	364.8m
Net profits	33.6m	31.4m
Net per share	2.22	2.06

HARVEY HUBBELL

Fourth quarter	1982 $	1981 $
Revenue	96.9m	113.0m
Net profits	8.57m	8.40m
Net per share	0.72	0.89
Year		
Revenue	418.9m	445.8m
Net profits	35.05m	34.61m
Net per share	2.85	2.82

LEAR SIEGLER

Second quarter	1982/83 $	1981/82 $
Revenue	349.8m	361.7m
Net profits	12.30m	19.47m
Net per share	0.73	1.18
Six months		
Revenue	701.1m	728.9m
Net profits	24.79m	35.30m
Net per share	1.48	2.14

LIBBEY-OWENS-FORD

Fourth quarter	1982 $	1981 $
Revenue	254.7m	285.8m
Net profits	1.6m	3.7m
Net per share	0.04	0.22
Year		
Revenue	1.09bn	1.22bn
Net profits	16m	11.8m
Net per share	1.01	0.68

MEAD CORPORATION

Fourth quarter	1982 $	1981 $
Revenue	682.4m	711.5m
Net profits	†55.95m	17.19m
Net per share	†2.13	0.65
Year		
Revenue	2.67bn	2.88bn
Net profits	†85.78m	106.9m
Net per share	†3.29	4.00

MIDDLE SOUTH UTILITIES

Fourth quarter	1982 $	1981 $
Revenue	2.9bn	2.77bn
Net profits	310.6m	281.5m
Net per share	2.33	2.44

NORFOLK AND SOUTHERN

Fourth quarter	1982 $	1981 $
Revenue	771.3m	946.4m
Net profits	80.8m	144.9m
Net per share	1.29	2.34

OCEAN DRILLING AND EXPLORATION

Fourth quarter	1982 $	1981 $
Revenue	269.5m	249.7m
Net profits	47.1m	45.1m
Net per share	0.91	0.87
Year		
Revenue	1.02bn	924.6m
Net profits	191.9m	175m
Net per share	3.71	3.36

OZARK INDUSTRIES

Second quarter	1982/83 $	1981/82 $
Revenue	61.8m	70m
Net profits	2.30m	4.74m
Net per share	0.33	0.66
Six months		
Revenue	120.8m	141.2m
Net profits	3.01m	10.51m
Net per share	0.42	1.46

PUROLATOR

Fourth quarter	1982 $	1981 $
Revenue	187.8m	171.1m
Net profits	7.23m	5.67m
Net per share	1.10	0.90
Year		
Revenue	752.8m	695.36m
Net profits	28.65m	26.79m
Net per share	4.30	4.06

SCOTT AND FETZER

Fourth quarter	1982 $	1981 $
Revenue	141.7m	163.5m
Net profits	6.04m	6.4m
Net per share	0.91	0.94
Year		
Revenue	600m	659.4m
Net profits	27.1m	29.1m
Net per share	4.04	4.06

U.S. AIR

Fourth quarter	1982 $	1981 $
Revenue	329.7m	294.3m
Net profits	12.05m	12.84m
Net per share	0.80	0.73
Year		
Revenue	1.27bn	1.11bn
Net profits	58.1m	51.7m
Net per share	3.35	3.13

VARIAN ASSOCIATES

First quarter	1982/83 $	1981/82 $
Revenue	166.4m	161.5m
Net profits	9.42m	4.25m
Net per share	0.89	0.60

WINN-DIXIE STORES

Second quarter	1982/83 $	1981/82 $
Revenue	2.16bn	2.01bn
Net profits	32.9m	31.5m
Net per share	1.32	1.27

Complex marketing may hold down manganese, Page 29

WALL STREET

Corporate reshapes loom large

DIVIDEND reductions and huge reorganisation expenses dominated many U.S. company earnings announcements yesterday. While individual equities reacted sharply here and there, the stock market generally presented a confused picture as investors reviewed President Ronald Reagan's State of the Union address and fresh indications from Wall Street of an upturn in interest rates, *writes Duncan Campbell-Smith in New York.*

The Dow Jones industrial average spent most of the day on the down side, falling more than six points at one stage before noon. But advancing stocks managed to outnumber declining stocks by a small margin throughout the day in a trading volume rather below the level of recent days at 73.72m shares.

The Dow closed slightly above its lowest level at 1037.99, off 4.04.

Most sectors closed with very mixed performances. This applied even to steels, despite a 1982 loss of $1.47bn reported by Bethlehem Steel on a 28 per cent decline in revenues. Bethlehem cut its fourth quarter dividend from 25 to 15 cents and the stock fell $1⅛ to $19⅝.

U.S. Steel, which reported big losses on Tuesday, closed unchanged at $19⅞ while Republic Steel gained $⅝ to $16⅞.

The market was less prepared for the dividend cut announced by Eaton Corporation. The components manufacturer said a reorganisation of its forklift truck and other operations would cost up to $205m in the fourth quarter and cut the payout for the period from 43 to 20 cents. Eaton's stock closed down $2⅝ at $30.

Allis-Chalmers, by contrast, confirmed earlier expectations by announcing a $207m loss for 1982 and dropped just $⅛ to $11⅞. Celanese Corporation gained $1⅛ to $50⅜ after disclosing a $34m loss which included a $39m provision for losses in Mexico.

The oil and oil service sectors saw some stocks recover part of their recent losses but investors had to cope with another series of lower quarterly earnings and depressed year-on-year comparisons.

Busy trading in Federal Funds lifted their market rate to 8¾ per cent in the morning before the Federal Reserves arranged overnight system repurchases at 8⅝ per cent. Funds then settled around this level until the close. Elsewhere in the money markets rates moved marginally higher for Treasury bills. Their yields closed around 8.06 per cent for three months, 8.12 per cent for six months and 8.18 per cent for the one-year bill.

Citibank's economics department warned at midday that interest rates might rise temporarily during the second quarter, but the government bond market was already moving steadily lower in what dealers described as a negative reaction to Mr Reagan's address.

Golds made a healthy start in Toronto, but prices otherwise vacillated within a narrow range with a slightly firmer edge developing. Selective buying interest was shown in oils despite all the signs of lower world crude prices. Montreal and Vancouver had similar difficulty in establishing a definite trend.

LONDON

Currency calm helps gilts

A MORE sedate session for London stocks yesterday was largely a reflection of the calmer conditions prevailing in world currency markets as the pound's continued rally from record low levels, coupled with slightly easier domestic interest rates, encouraged investors to commit funds.

But the overall volume of business was relatively small and a favourable pointer, released later in the day, that any early rise in building society mortgage rates is virutally ruled out, failed to stimulate trade.

Gilt-edged securities were the main beneficiaries and within a short time were showing fresh recoveries of a full point. Investors then turned hesitant awaiting the U.S. financial markets' reception of President Reagan's State of the Union message and reports that the Administration is to continue its long-term anti-inflationary policies.

Leading shares were additionally favoured by overnight Wall Street trends. Many top-quality stocks appeared to be set to move substantially higher, but interest quickly evaporated and for the remainder of the session values drifted progressively easier. Illustrating this, the FT Industrial Ordinary share index surrendered an opening gain of 6.8 to close just a shade barder on balance at 614.4.

Secondary industrials experienced a livelier trade with the accent again on currently popular situation stocks, some of which recorded extensive rises.

A dramatic reduction in the level of business in South African golds enabled the speculative sector of the Australian market to provide the mining highlights. An encouraging drilling report from the Harbour Lights gold prospect in Western Australia produced a wave of buying interest in Carr Boyd Minerals, which jumped 66p to 120p.

Leading Australian precious and base metal producers were usually firmer where changed, especially Bougainville, 9p up at a year's best of 154p, and Peko-Wallsend, 10p to the good at a 1982-3 high of 448p.

In South African mining financial Amgold jumped £2⅛ to £73½, while of the London issues Rio Tinto-Zinc closed 2p harder on balance at 515p after 518p.

The prospect of lower crude prices continued to overshadow oil shares, but the market maintained Tuesday's steadier trend. Overall trading conditions were much quieter. British Petroleum and Shell closed a couple of pence dearer, but Lasmo and Ultramar each eased 5p.

AUSTRALIA

Metals surge

A REBOUND in the resource sector, which has suffered the brunt of setbacks in Sydney this week, took the market broadly higher in fairly active dealings. The biggest percentage gains were to be found among the cheaper, more speculative gold and base metal stocks.

Of these, Carr Boyd surged from an overnight level of 85 cents to a high during the day of A$1.35, and Hill Minerals jumped 25 cents to end at 85 cents. The larger, more established issues fared reasonably too, with Western Mining up 20 cents to A$4.10 and MIM the same amount ahead at A$4.25.

Gains overall outpaced losses by almost three to one, a similar ratio to Melbourne, where selected industrials rose but oils were lightly traded and mainly steady.

SOUTH AFRICA

Gains trimmed

AFTERNOON profit-taking pushed most Johannesburg prices beneath their highs as the gold bullion price once more edged below $490, but most precious metal producers nonetheless managed a firmer showing on the day.

President Steyn in the heavyweight leagua closed R1.75 up at R71.75 after touching R74, while most gains in the cheaper price range were confined to 25 cents.

Anglo-American, which is to take full control of Sigma Motor by buying out Chrysler's 25 per cent holding, firmed 10 cents to R23.50 in mining financials.

FAR EAST

Yen at last delivers the goods

A HEALTHY recovery by the yen against the U.S. dollar yesterday was all the Tokyo stock exchange needed to bring about a sharp about-face from the losses it has encountered almost unabated for the past fortnight.

The Nikkei-Dow Jones market average jumped 159.33 to 7,962.51, the eighth largest one-day gain on record. It had spiralled downward by almost 400 points from its peak of 8,210.02 achieved on January 8. Trading was a moderately active 430m shares.

Dealers said that blue chips such as Hitachi, and Fujitsu were languishing low enough to have triggered a technical rebound. The blue chips generally made good progress yesterday, but trading centred on more speculative or incentive-backed issues.

Market participants remained unconvinced that this was the beginning of a sustained revival and said that, despite the day's upturn, many prominent shares still lacked strength and energy. Wall Street's improved composure overnight was of benefit, but they suggested the market would be happier with more solid indications of Japanese economic performance and currency stability.

Mr Haruo Mayekawa, governor of the Bank of Japan – who has been maintaining a consistently cautious line on a possible cut in the official discount rate – told a press conference yesterday that the country's business position was becoming more sluggish with few signs pointing to an upturn.

He welcomed yesterday's correction in the yen rate – which finished in Tokyo at Y233.70 to the dollar against Y241.30 – as the "one bright spot." There were no adequate reasons to explain its depreciation over the last week, be believed.

Increased stock purchases by foreigners and a recovery in the domestic bond market helped establish confidence yesterday. Oils firmed on the prospect of lower world crude prices, and non-ferrous metals also rose sharply.

Tin companies took the lead in motivating an active surge in buying interest in **Singapore**, where brokers observed purchases being made in stocks which for the most part usually received little attention.

Of the tins, Berjuntai rose 15 cents to S$5.55 and MMC 18 to S$ 2.81. Commodity price improvements were not yet of the scale to justify such gains, however, according to one dealer.

Late selling among property issues in **Hong Kong**, by contrast, brought the market down to a mixed close after an initial rise in line with Wall Street. Hongkong Land shed 13 cents to HK$ 3.92 on speculation that the company might face difficulties in rescheduling its debts.

EUROPE

German steel plan greeted with caution

PROPOSALS for a radical reshape of the West German steel industry, recommended this week by a panel of independent experts, received a muted response when trading resumed on the **Frankfurt** bourse in the stocks affected.

After one-day suspensions to enable the news to be digested, the two biggest concerns fared best: Thyssen added DM 1.70 to DM 89.90 and Hoesch 40 pfg to DM 33.70.

Krupp Stahl, which under the plan would join Thyssen in a Rhine-based conglomerate, lost DM 1 to DM 60.50 while Klöckner, which would combine with Hoesch and the state-owned Peine und Salzgitter around the Ruhr, slipped DM 2 to DM 51.

Elsewhere, leading shares maintained strong opening gains during a moderately active session, with the main impetus coming from a sharp recovery in the domestic bond market and prospects of lower oil prices.

Dealers reported some chart-based buying after the market's recent slide and prompted mainly by the FAZ index, which this week declined below 242.

Settlements day in **Zurich** brought reasonably active trading and higher values over a broad front, buoyed by the strength of the Swiss franc. A better performance on the domestic bond market also helped sentiment.

Active Swissair, benefiting from the weaker U.S. dollar and expectations of lower oil prices, moved SwFr 13 upward to SwFr 753. Later news emerged that the airline is to increase scheduled capacity to meet an expected 4 per cent larger volume of traffic this year.

The Swiss Bank industrials index improved 2.1 to 298.1.

It was a day of good showings in nearly all Continental European centres. A rapidly rising industrial sector in **Milan**, still heartened by the accord last weekend on limiting indexed wage rises, took prices broadly higher. Fiat added L25 to L1,938.

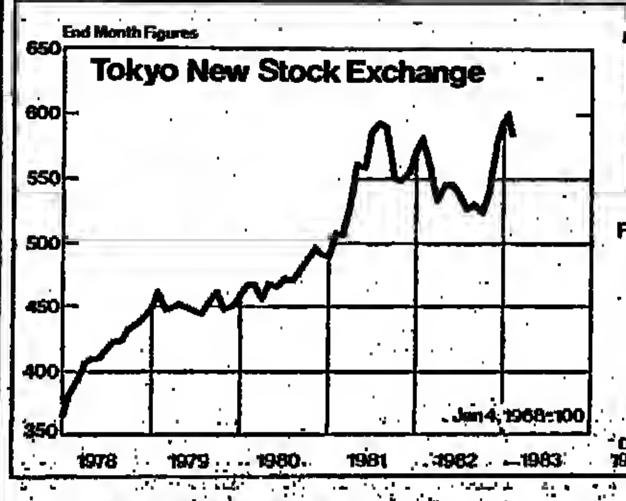
Advances led declines 100 to 58 in **Paris**, with electricals a feature. Thomson-CSF rose FFr 15 to FFr 168 and Radiotechnique FFr 6 to FFr 355.

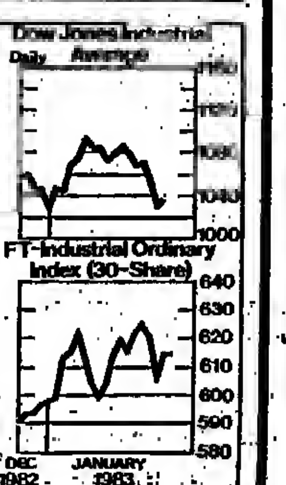
Holding company stocks in **Brussels** picked up sharply: Bruxelles Lambert was up BFr 45 to BFr 1,340. Chemicals also performed well but steels were depressed and utilities mixed.

KLM made further strong early progress in **Amsterdam** but nearly all the day's gains were eroded later. In banks Ned Mid fell Fl 1 to Fl 116 after outlining its reorganisation plans but ABN advanced Fl 1.50 on late support to Fl 296.

Madrid prices drifted slightly lower in dull trading.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Jan 26	Previous	Year ago
NEW YORK			
DJ Industrials	1037.99	1042.03	841.51
DJ Transport	448.94	450.76	337.28
DJ Utilities	123.39	123.8	104.55
S&P Composite	141.54	141.74	115.19
LONDON			
FT Ind Ord	614.4	614.2	568.9
FT-A All-share	390.0	389.30	325.73
FT-A 500	423.82	423.67	346.40
FT-A Ind	396.43	396.47	313.32
FT Gold mines	627.3	613.4	286.3
FT Govt secs	77.55	77.21	64.25
TOKYO			
Nikkei-Dow	7,962.51	7,803.16	7,863.40
Tokyo SE	582.92	574.51	579.94
AUSTRALIA			
All Ord.	537.3	528.5	539.9
Metals & Mins.	484.2	484.2	379.8
AUSTRIA			
Credit Aktien	49.48	49.72	54.83
BELGIUM			
Belgian SE	105.00	105.03	88.73
CANADA			
Toronto Composite	1984.8	1987.3	1704.8
Montreal Industrials	340.40	341.16	293.42
Combined	327.48	328.16	280.09
DENMARK			
Copenhagen SE	102.92	109.2	96.19
FRANCE			
CAC Gen	103.60	103.2	105.20
Ind. Tendance	107.00	105.7	113.30
WEST GERMANY			
FAZ-Aktien	244.22	241.89	225.0
Commerzbank	735.60	727.9	687.9
HONG KONG			
Hang Seng	880.74	888.45	1405.23
ITALY			
Banca Comm.	182.84	180.66	190.86
NETHERLANDS			
ANP-CBS Gen	104.0	102.5	87.5
ANP-CBS Ind	89.7	87.9	68.7
NORWAY			
Oslo SE	118.33	114.94	117.06
SINGAPORE			
Straits Times	761.51	756.30	777.82
SOUTH AFRICA			
Golds	1026.3	1003.4	524.9
Industrial	818.9	818.0	703.6
SPAIN			
Madrid SE	100.33	100.65	104.13
SWEDEN			
J & P	987.57	987.37	642.58
SWITZERLAND			
Swiss Bank	298.1	296.0	256.0

GOLD (per ounce)

	Jan 26	Prev
London	$488.50	$489.00
Frankfurt	$486.25	$488.75
Zürich	$487.50	$489.50
Paris	$492.63	$487.84
New York futures (Feb)	$491.30	$490.00

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR Jan 26	U.S. DOLLAR Previous	STERLING Jan 26	STERLING Previous
£	1.5460	1.5370	–	–
DM	2.4280	2.4215	3.75½	3.72½
Yen	235.50	236.00	364¼	362¼
FFr	6.8775	6.8625	10.63	10.55
SwFr	1.9900	1.9900	3.07¾	3.06
Guilder	2.6710	2.6600	4.13	4.09
Lira	1394½	1393¼	2155½	2142
BFr	47.48	47.33	73.40	72.75
C$	1.2370	1.2355	1.9115	1.8995

INTEREST RATES

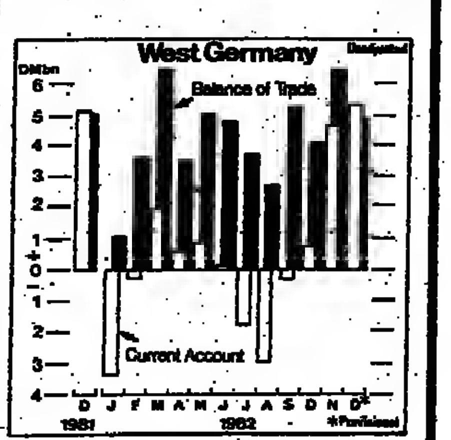
	Jan 26	Prev
Euro-currencies (three month offered rate)		
£	11⅜	11 11/16
SwFr	2 15/16	3
DM	5 9/16	5⅝
FFr	19¾	18¾
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 5/16	9 7/16
6-month U.S.$	9 7/16	9 11/16
U.S. Fed Funds	8⅝*	8¼
U.S. 3-month CDs	3.65*	8.80
U.S. 3-month T-bills	6.04*	8.03

FINANCIAL FUTURES

Jan 26	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
March	73–24	74–16	73–14	74–14
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.89	91.98	91.80	91.94
Cert Deposit (IMM) $1m points of 100%				
March	90.88	91.04	90.80	90.89
LONDON	Latest	High	Low	Prev
Three-month Eurodollar $1m points of 100%				
March	90.62	90.85	90.62	90.62
20-year Notional Gilt £50,000 32nds of 100%				
March	98–22	99–06	98–16	98–05
Three-month Sterling Deposit £250,000 points of 100%				
March	89.03	89.16	88.98	88.92

LONDON COMMODITY MARKETS

	Jan 26	Prev
Silver (spot fixing)	838.9p	831.30p
Copper (Cash)	£1016.50	£1016.50
Coffee (March)	£1689.50	£1681.50
Oil (spot Arabian light)	$29.57	$30.62



WORLD STOCK MARKETS

NEW YORK

(Closing Prices) Stock	Jan 26	Varn.
ACF Industries	32	-½
AMF	18¾	-⅛
AMR Corp	19¾	-⅜
ARA	34⅛	+¼
ASA	75	+1¼
AVX Corp	23⅛	+⅛
Abbott Labs.	40¼	+½
Acme Cleve	18⅛	-
Adobe Oil Gas	18¾	+1
Advanced micro	34	+⅜
Aetna Life & Cas	34½	-½
Ahmanson (HF)	24⅛	-⅛
Air Prod & Chem	39½	+⅝
Albany Intl	33⅞	-
Alberto-Culv	17¾	-⅛
Albertson's	42¾	-
Alcan Aluminum	28⅝	-⅞
Alco Standard	29⅝	-⅛
Alexander & Alex	18½	+⅛
Allegheny Intl.	27½	-
Allied Bancshrs	24⅛	-
Allied Corp.	34⅞	+⅜
Allied Stores	35⅛	-⅛
Allis-Chalmers	11⅞	-⅛
Alpha Portd	16⅝	-
Alcoa	30⅞	-⅛
Amax	23⅝	-⅜
Amdahl Corp.	31¾	+⅜
Amerada Hess	24½	-
Am. Brands	48¾	+½
Am. Broadcasting	50⅝	-
Am. Can	30¾	+⅜
Am. Cyanamid	34	-⅞
Am. Elect. Pwr.	18	-
Am. Express	63¼	+⅛
Am. Gen. Insnce	81	-
Am. Hoist & Dk.	14⅛	+½
Am. Home Prod.	43¾	+⅛
Am. Intl Grp	72⅛	+⅛
Am. Hosp. Supply	39	+⅛
Am. Medical Intl.	34¼	+⅞
Am. Motors	7	+⅛
Am. Nat. Rescs.	33⅛	-⅛
Am. Petfina	56½	-
Am. Quasar Pet	9⅛	-

Stock	Jan 26	Varn.
Clevel Cliff Iron	20¾	+⅝
Clorox	23⅛	+⅛
Cluett Peaby	21⅛	-½
Coastal Corp	21⅜	-
Coca Cola	48¾	-1
Colgate Palm	19½	-⅛
Collins Aikman	22	+⅞
Colt Inds	30¾	+¼
Columbia Gas	29⅛	-⅛
Combined Intl	26⅛	+⅛
Combustn Engg	35	-
Cmwlth Edison	26⅝	+⅛
Comm Satellite	68⅞	-⅛
Comp Science	17¼	+⅛
Computervision	38⅛	+2⅛
Condec	11⅞	-½
Cone Mills	34⅛	-⅛
Cons Edison	20	-
Cons Foods	38½	-⅜
Cons Freight	49¾	-1⅜
Cons Nat Gas	28½	-
Consumer Power	20	-
Contl Corp	27	-½
Contl Group	35½	-⅛
Contl Illinois	21⅞	-⅛
Contl Telep	19⅞	+⅛
Control Data	41	+½
Cooper Inds	32⅜	+⅜
Coors Adolph	13⅛	+⅛
Copperweld	15⅞	-⅛
Corning Glass	70	-⅛
Corroon Black	30¾	-⅛
Cox Broadcstg	43½	+⅛
Crane	18½	+1⅛
Cray Research	40½	+1½
Crocker Nat	29	-⅛
Crown Cork	29⅝	-
Crown Zell	26⅛	-½
Cummins Eng	49⅝	+⅞
Curtiss-Wright	41⅛	-⅛
Damon	20⅛	+1
Dana	34	-⅛
Dart and Kraft	65⅛	-½
Data Gen	45½	-⅛
Datapoint	11⅛	+⅜
Dayton-Hudson	54⅛	-⅛
Deere	30½	-½
Delta Air	44	-
Denny's	29⅜	+⅜

Stock	Jan 26	Varn.
Gt. Atl. Pac. Tea	9⅞	-
Gt. Nthn Nekoosa	40	-
Gt West Financl	20⅝	+⅛
Greyhound	19⅛	-
Grumman	50¼	-⅛
Gulf & Western	17	-
Gulf Oil	30⅝	+½
Gulf State Utl.	13⅞	-⅛
Gulf Utd	29⅞	-⅜
Hall (FB)	32½	-⅜
Halliburton	34½	+⅜
Hammermill Ppr	33¼	+⅛
Hanna Mining	21⅛	-⅛
Harcourt Brace	18⅝	-⅛
Harris Bancp	30⅝	+⅛
Harris Corp	37⅞	+⅛
Harsco	18⅞	-⅜
Hecla Mining	23⅜	+⅜
Heinz (HJ)	37¾	-⅛
Heller Intl	21¾	-⅛
Helmerich & Payne	21	-1⅜
Hercules	29⅛	+⅛
Hershey	53½	+⅛
Hewlett Pkd	77⅝	+⅜
Hilton Hotels	41⅜	-⅛
Hitachi	33½	-
Holiday Inns	97½	+⅜
Holly Sugar	47	+⅛
Homestake	60	+1
Honeywell	89⅝	-⅛
Hoover	13⅛	+⅛
Hoover Univl	25⅜	-
Hormel Geo	27⅛	-⅛
Hospital Corp	38⅛	+1½
Household Intl.	19⅝	-½
Houston Inds	20⅞	+⅛
Houston Nat Gas	33⅜	-1⅜
Hudson Bay Mng.	14½	-
Hughes Tool	20⅞	+⅛
Humana	39	+½
Husky Oil	8½	-⅛
Hutton (EF)	38⅝	+⅛
Hybritech	25⅜	-
IC Inds	35⅞	-⅛
IU Intl	18	-¼
Ideal Basic Ind	19¼	-⅛
ICI ADR	8	+⅛
Imp.Corp. Amer	11⅛	-⅛
INCO	11⅜	+⅛
Ingersoll Rand	43⅛	+½

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Indices

NEW YORK

[illegible]

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

Jan. 26	Price Frs.	+ or -
Hoboken	3,960	-5
Intercom	1,565	-5
Kredietbank	4,500	-50
Pan Hldgs.	7,300	.....
Petrofina	4,790	.....
Royale Belge	5,300	+50
Soc Gen. Banq	2,490	.....
Soc Gen Belge	1,340	+24
Sofina	5,945	+60
Solvay	2,310	+30
Traction Elect.	2,730	-20
UCB	2,860	+10
VieilleMont	3,965	+35

HOLLAND

Jan. 26	Price Fls.	+ or -
ACF Holding	109	+4
Ahold	137.5	+2.2
AKZO	37.2	+1.3
ABN	296	+1.5
AMEV	105.8	+2
AMRO	43.8	-0.4
Bredero Cert.	167	-1
Boskalis West	33	+1.4
Buhrmann-Tet	36.5	+0.8
Caland Hlds	27.5	+0.2
Elsevier RDU	195	+0.5
Ennia	131	-1
Euro Comm Tst	74.3	.....

HOLLAND (continued)

[illegible]

ITALY

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

Jan. 26	Price Fr.	+ or -
Nestle	3,880	+40
Oer-Buehrle	1,510	-10
Pirelli	245	+2
Sandoz (B)	4,725	+75
Sandoz (Pt Cts)	699	+9
Schindler(Pt.Cts)	335	-5
Swissair	753	+13
Swiss Bank	319	+3
Swiss Reinsce	7,200	+50
Swiss Volksbk	1,270	+55
Union Bank	3,250	+40
Winterthur	2,690	+20
Zurich Ins	17,150	+50

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

Jan. 26	Price Yen	+ or -
JAL	0,300	+40
Jusco	666	+1
Kajima	329	.....
Kao Soap	565	+2
Kashiyama	670	.....
Kirin	394	+6
Kokuyo	774	.....
Komatsu	520	+16

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

Jan. 26	Price Rand	+ or -
SA Brews	7.15	+0.18
Smith (C.G.)	20.75	.....
TongaatHuletts	8.8	.....
Unisec	4.15	+0.18

Financial Rand U.S.$0.75½ (Discount of 20%)

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

New York Active Stocks

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COMMODITIES AND AGRICULTURE

London cautious on $ sugar contract

BY JOHN EDWARDS, COMMODITIES EDITOR

LONDON has no immediate plans to launch a dollar-based sugar futures contract, it was claimed yesterday. Commenting on reports from Paris, Mr Michael Stone, chairman of the London Terminal Market Association, confirmed that a white (refined) sugar contract, with dollar pricing, had been drawn up.

But, be said, it had been put "on ice" to see if the existing white sugar market in Paris would attract more turnover and additionally to see bow the London raw sugar contract fared.

White sugar nowadays accounts for an increasing proportion of world trade with the growth of the EEC as an exporter and the move by primary producers into processing.

However, Mr Stone noted that turnover on the London sterling-based raw sugar market bad beld up remarkably well in view of the depressed conditions and there was no desire to undermine the efforts to attract increased support for the Paris contract.

French traders are hoping to persuade the French Government to allow a switch from a franc to a dollar-based contract since trading in the physical market is usually quoted in dollars.

The Mitterrand Government is reluctant to approve something that might provide a way round its stringent foreign exchange controls, but its attitude might be softened if London threatened to move in.

London did start a premiums market for white sugar some years ago, after the 1974 speculative debacle hit Paris. However, it proved too complicated and the only legacy left is the annual London daily quotation for white, as well as raw sugar.

The London daily price for raw sugar was up £3 yesterday to £108 a tonne, while the white quotation was only £1 higher at £137.50. Valnes were boosted in early trading by reports of more Soviet purchases from Thailand, but the market lost ground in the afternoon on the firmer trend in sterling.

In Brussels yesterday, the EEC Commission authorised the export of 31,300 tonnes of white sugar, with a maximum rebate of 37.915 European currency units per 100 kilos, and the sale of 19,000 tonnes of raw sugar with a maximum subsidy of 34.860 units.

Reuter reports that the European Commission yesterday formally approved a plan which proposes that provision for stocks by major sugar exporters be raised to 5-6m tonnes in the new International Sugar Agreement due to be negotiated later this year.

The plan, which will now be sent to EEC governments for approval, envisages a three-tier arrangement in which the stocks would be held by the world's 10 largest exporters.

However, several exporting and importing countries attending the current international sugar council talks in London this week have expressed strong reservations about the plan.

Cocoa terminal market unable to sustain peaks

BY JOHN EDWARDS

COCOA FUTURES reached the highest levels for 15 months on the London terminal market yesterday, bnt the market was unable to sustain the peaks and ended the day only marginally up. The May position rose steadily in morning dealings to £1,247 before falling back to £1,233.5 a tonne, virtually unchanged on the day.

The market was boosted by rumours of large cocoa butter purchases, and lack of producer selling, but the firmer trend in sterling against the dollar brought valnes down again.

The Ghana Cocoa Marketing Board said it bought 8,661 tonnes of cocoa in the eleventh week of the current season. Cumulative purchases for the season so far total 144,376 tonnes compared with 184,242 tonnes at the same time last season.

Coffee, after opening slightly easier, moved up in later trading to close at new 30-month highs. March futures closed £7 up at £1,689.5 and the January position again traded over £2,000.

Metal markets waiting for Volcker speech

By John Edwards

METAL MARKETS paused for breath yesterday, with only limited reaction to President Reagan's State of the Union speech raising bopes of a fresh cut in U.S. interest rates.

Gold stagnated, ending the day slightly down. The market is now awaiting the appearance before Congress of Mr Paul Volcker, chairman of the Federal Reserve Board to see if a clearer line about the U.S. Administration's financial policy will emerge.

NZ lambs join the business jet set

By Our Commodities Staff

PIGS may fly but lambs bave besten them to it. Towers meat company, London, receives its first 1-tonne consignment of fresh New Zealand lamb today. It will be flown to Gatwick by Air New Zealand and is believed to be the first large fresh meat import through a British airport. Towers bas arranged a further seven consignments and future orders will reflect demand.

● CRACKLING the whip . . . Somerset farms gave Mrs Peggy Fenner, Agricultural Secretary, a live-piglet as a protest against rising prices.

● ISRAEL'S citrus target will have to be revised downward from the projected 44m cases, following beavy rains and storms.

● THE U.S. Justice Department bas urged the Commodity Futures Trading Commission to reject proposals requiring all commodity futures traders to join an industry association.

● *DROUGHT* in Australia is expected to lead to a 25 per cent fall in exports of beef and veal.

● *INDONESIA* has won a $154.6m (£100m) loan to develop rubber and oil palm crops.

● *CANADA'S* main seal pelt buyer, Carino, will not be buying any from this year's Newfoundland seal bunt because of falling demand.

● *MAURITIUS* has bought 84,000 toones of A1 special rice from Thailand. The $15.5m (£10.06m) deal was arranged on a government-to-government basis. First shipment will be mode on March 1.

● *WARM* weather in Byelorussia, the Ukraine, Black Soils and Northern Caucasus are leaving Soviet Union winter grains crop without adequate snow cover and therefore vulnerable to winterkill.

Marketing complexities likely to hold down manganese prices

THE current trend towards low manganese ore prices is expected to continue because of recession in the main metallurgical industries and because any international price stabilisation agreement is out of the question.

A group of experts from governments decided in Geneva in December that changes in manganese markets since the mid-1970s are too complex to be bandled by a classic commodity agreement which uses buffer stocks to stabilise prices.

Unlike many other commodities, manganese ore prices do not fluctuate in the short term because sales contracts are fixed on a yearly basis. But serious long term changes bave occurred, bringing current prices to a lower real level (after adjusting for inflation) than in the 1950s. The main culprits are over-production and a drop 'n demand.

The experts were nnable to reach consensus on how the downward trend may be halted, leaving producers—particularly those in developing countries—wringing their hands.

Although manganese ore represents only a small part of the value of steel, it is vital for steel-makers. Ferro-manganese and silico-manganese — both processed forms of the ore — account for 95 per cent of consumption and Western nations depend on just a handful of six countries for more than 80 per cent of their ore needs.

It is now thought that even steel industry recovery will not bring a bonanza to manganese ore exporters unless steelmaking technologies are changed to allow steel mills to close down their own manganese-processing facilities. That would let producers add more value to their sales by processing the ore before export.

Japan, a large steelmaker, is by far the largest manganese importer, followed by the U.S. and the European Community. The Soviet Union is the only industrialised country to have domestic supplies of manganese.

Gabon, Brazil and India are the largest developing country exporters but their share of markets has fallen since the 1970s when South Africa and Australia began to steadily increase production of both ore and compounds.

The market share of developed country producers has risen from 17 to nearly 50 per cent since 1960 while that of developing countries fell from 32 to 19 per cent. South Africa and Norway are also major

Brij Khindaria reports from Geneva

ferro - manganese exporters, leaving little scope for developing countries which find it hard to pay for their own processing facilities without being priced out of the market, although the technology is well known.

Gabon alleges that South Africa consistently sells below cost to protect Western dependence on its supplies and to dislodge Third World exporters, especially from EEC and the U.S. markets.

Creating an international agreement to influence markets is not feasible, partly because setting a floor price for manganese ore is almost impossible.

The reason is the wide variation in ore grades and the large differences in production costs, since the ore is found close to the surface in some spots and deep in the ground in others. Closeness to the coast and efficient railway transport facilities also affect cost, making it too difficult to calculate the average pattern for all producers needed to fix a minimum world price.

Setting a floor price for ferro-manganese may be easier, although costs vary heavily according to the kind of energy used and the type of ore being refined. But there is no precedent for price stabilisation schemes for processed commodities, nor does Unctad's integrated programme of commodities envisage such accords.

Since Unctad agreements such as those for rubber and tin also fix prices around a long-term trend, Gabon feels that might be disadvantageous to producers because real prices have fallen continuously during the past 20 years.

Third World producers think that the main problems of over-production are caused by the large South African output increases. But they are poorly placed to persuade South Africa, because of their political rift with it over apartheid policies.

The biggest threat comes from the takeover by South African, Austrian and Norwegian interests of small and independent ferro-manganese producers in consuming countries. Nearly one-third of such producers have been absorbed in Europe, giving ore producers control over processing plants and further eroding the ability of Third World processors to break into European markets.

All such problems cannot be resolved satisfactorily by the talks under Unctad auspices. Some will have to be thrashed out bilaterally between specific producing and consuming countries, leaving little to be done through an international accord.

Talks for the accord will continue, however, to deal with such elements as research and development in mining, cost cutting methods and fuller information about marketing.

Since consuming countries do not expect shortages or any long term threat to supplies they have not treated talks for a manganese agreement with much urgency. The previous meeting to prepare for negotiations was held in October 1980 and no date has yet been fixed for the next.

Guernsey tomato growers feel new mood of optimism

FINANCIAL TIMES REPORTER

THE coming season should be "less daunting" for Guernsey's tomato growers than 1982, says the island's Tomato Marketing Board in its annual report.

The fall in the rate of inflation, lower interest rates and the decline in the valne of the pound emerge as positive factors — although the latter makes the UK market less attractive to Continental competitors and threatens higher fuel costs.

Against that, Dutch tomato production is expected to remain very high, particularly in May-June, while unemployment, high-pressure competition in food retailing and late summer amateur tomato production are likely to create continued difficult trading conditions in the UK market.

The board's production estimate for 1983 is 4.5m six-kilo trays from some 250 acres of glass—a drop of nearly 25 per cent on the 1982 acreage.

"The very much reduced scale of the local industry in 1983 will necessitate fairly radical amendment of marketing strategies," says the report.

"In anticipation of the cutback, the board has already stated its intention to maintain supplies to existing supermarket customers and will support to the maximum those panel members who have demonstrated their loyalty to the Guernsey industry against the strong tide of Dutch competition."

National distribution will be maintained in the UK but it will not be possible to supply some of the smaller markets with Guernsey tomatoes this year.

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 26 1983	+ or —	Month ago
Metals			
Aluminium	$810-815		£810/815
Free Mkt	$1095/1125	+10	$995/1025
Copper			
Cash h grade	£1018.5	—3	£948.5
3 mths	£1048.25	—3.5	£968.25
Cash Cathode	£991.75	—2.75	£903.25
3 months	£1021.75	—2.75	£938
Gold troy oz	$486.5	—2.5	$462.5
Lead Cash	£300.5	+0.75	£290.5
3 months	£312.75	+1	£301.75
Nickel	£4384		£4163.5
Free mkt	170 200c		180/190c
Palladium	$120.00	+1.25	£260
Platinum	£299.10	+0.95	£289.60
Quicksilver†	$335/345		$340/355
Silver troy oz	838.90p	+7.60	685.15p
3 mths	861.70p	+7.60	702.60p
Tin cash	£7928	+0.5	£7415
3 month	£7925.5	—2	£7485.5
Tungsten	$90.21		$102.60
Wolfsm 22.04 lb	$78/88		$78/82
Zinc Cash	£443.375	+0.875	£416.5
3 mths	£459.375	+0	£428.75
Producers	$800		$800

	Jan. 26 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$448.08z		$458.5
Groundnut	‡		$450
Linseed Crude	£332		£308
Palm Malayan	$375w		$377.8
Seeds			
Copra Philip	$300z		$300
Soyabean (U.S.)	$240.25	—2.25	$238
Grains			
Barley Fut. May	£117.30	+0.1	£114.60
Maize	£147.00y	+0.5	£144.50
Wheat Fut. May	£120.95		£120.80
No2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£1260	+7	£1136.5
Fut. May	£1233.5	+0	£1135.0
Coffee Ft. Mar	£1689.5	+8	£1598
Cotton A. Index	72.65c	—0.15	70.35c
Gas Oil Fob	$283.25	—1.75	$282.5
Rubber kilo	55.75p	+0.25	49.5p
Sugar (Raw)	£108xw	+5	£100
Woolt'ps 64s kilo	394p kilo		372p kilo

‡ Unquoted. w March. y Feb. x Jan-Feb. z Feb-March. † Per 16-lb flask. * Ghana cocoa. o Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB($ per barrel)		
Arabian Light	28.40-28.75	—1.05
Iranian Light	27.75-28.00	—0.65
Arabian Heavy	28.00	—0.62
North Sea (Forties)	28.40-29.50	—1.42
African Bonny Li'ht	30.20-31.00	—1.0
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	290-296	—0.5
Gas oil	260-269	—7.0
Heavy fuel oil	158-163	—5.0

GAS OIL FUTURES

Short-covering by previous sellers and a strong New York close caused the market open about $3.00 higher but prices fell quickly. Early strength in New York helped steady prices temporarily. End of day book-squaring and fears of bullish API statistics encouraged buying towards the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan.	265.50	+1.50	266.50-260.00
Feb.	253.25	—1.75	258.75-251.00
March	246.75	—0.25	251.75-245.05
April	242.50	—0.50	248.00-240.00
May	242.88	—1.00	248.50-240.00
June	241.75	—1.75	247.00-240.00
July	242.70	—0.25	—
Aug	248.00	+0.50	—
Sept.	242.20	+1.50	248.50-246.50

Turnover: 3,671 (6,289) lots of 100 tonnes.

GOLD MARKETS

Gold fell $2½ an ounce from Tuesday's close in the London bullion market yesterday to finish at $486-487. The metal opened at $493-494, its best level of the day and lost ground in later trading as the dollar recovered. However the underlining sentiment remained bullish.

In Paris the 12½ kilo bar was fixed at FFr 108,100 per kilo ($492.63 per ounce) in the afternoon compared with FFr 108,000 ($492.36) in the morning and FFr 108,500 ($487.84) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 38,025 ($490.50 per ounce) against DM 38,385 ($487.98) and closed at $485¾-486¾ from $488¾-489¾.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was fixed at $489.0 from $482.50.

In Zurich gold finished at $486-489 from $488-491.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
February	486.40-87.0	—1.780	490.60-84.5
March	489.00-91.5	—1.750	—
April	494.50-95.5	—1.550	498.30-92.5
May	497.50-98.5	—1.650	—
June	501.50-02.5	—1.850	505.50-04.5
July	504.50-06.5	—2.000	—
August	509.00-11.0	—2.250	—

Turnover: 1,392 (1,651) lots of 100 troy ounces.

	Jan. 26		Jan. 25	
Gold Bullion (fine ounce)				
Close	$486-487	(£314¼-310¼)	$488¼-489¼	(£317¾-318¼)
Opening	$493-494	(£317¼-318)	$480¾-481¾	(£315¾-316¼)
Morning fixing	$488.60	(£315.102)	$485	(£315.858)
Afternoon fixing	$486.50	(£314.581)	$488.75	(£316.856)

Gold Coins Jan. 26

[illegible]

EUROPEAN MARKETS

[illegible]

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were subdued on the London Metal Exchange. The strength of sterling against the dollar coupled with profit-taking pared COPPER to £1048 before a rally to £1005 in late inter-office trading. LEAD closed at £314 and ZINC at £461.5. Hedge selling and bull liquidation depressed TIN to £7925 but renewed support encouraged a closing level of £7947.5. ALUMINIUM mirrored COPPER, closing a fraction below the day's high of £738.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	1018.5-9	+.25	1016-7	—8
3 months	1050-.5	+.5	1048-.5	—3.5
Settlem't	1019		—	
Cathodes				
Cash	993.5-4	+.25	991.5-2	—2.75
3 months	1023-4	—.25	1021.5-2	—2.75
Settlem't	994		—	
U.S. Prod.	—		*74-74	

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1054, 53, 52, 01, 50.50, 50, 51, 51.50, 01, 52, 51.50, 51, 50.50. Cathodes, cash £994, 93, 93.50, 94. Kerb: Higher Grade: Three months £1050, 49.50, 49, 50. Afternoon: Three months £1049.50, 49, 47, 47.50, 48, 48.50. Cathodes: Cash £992. Kerb: Higher Grade: Three months £1049.50, 50, 51, 52, 53, 54, 55. Turnover: 33676 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	7939-5	+5	7921-31	—6.5
3 months	7950-5	+5	7925-31	—7
Settlem't	7955	+5	—	
Standard				
Cash	7950-0	+6	7925-31	+.5
3 months	7927-8	+16	7925-6	—8
Settlem't	7950	+5	—	
Straits E.	$29.15		—	
New York				

Tin—Morning: Standard: Cash £7935, 32, three months £7940, 35, 40, 45, 35, 45, 40, 30, 28. Kerb: Standard: Three months £7930, 28, 30. Afternoon: Standard: Three months £7930, 25, 28, 26, 25. High Grade: Three months £7930, 31, 30. Kerb: Standard: Three months £7925, 28, 30, 40, 45. Turnover: 1235 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	300-.5	+1.5	300-1	+.75
3 months	312-.0	+1.5	312.5-3	+1
Settlem't	300.5	+1.5	—	
U.S. Spot	—		*21-28	

Lead—Morning: Cash £301, three months £311, 11.50, 12, 12.50, 13, 12.80. Kerb: Three months £312. Afternoon: Three months £312.50, 13. Kerb: Three months £314, 14.50, 15, 14.50, 14. Turnover: 8425 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	443.5-4.5	+2.25	443.25-.5	+.875
3 months	459.5-70	+1.75	459.00-.0	+1.12
Settlem't	444.5	+2.5	—	
Primw'ts	—		*38.75-40.7	

Zinc—Morning: Cash £445, three months £459.50. Kerb: Three months £459.50. Afternoon: Cash £443.50, three months £459.50. Kerb: Three months £459.90, 60, 61, 62, 63, 62. Turnover: 12250 tonnes.

ALUMINIUM

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	711-2.5	+5.5	713-4	+1
3 months	735.5-6.0	+3.5	738-7	+.5

Aluminium—Morning: Three months £737, 36.50, 36, 35.50. Kerb: Three months £735.50, 36. Afternoon: Three months £736, 36.50, 37, 37.50, 38, 37, 37.50, 37. Kerb: Three months £737, 37.50, 38. Turnover: 42126 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2486.45	+18.5	2486-40	—0
3 months	2510-20	+11	2515-20	—5

[illegible]

* Cents per pound. † MS per picul. ‡ On previous unofficial close.

SILVER

LME—Turnover 246 (151) lots of 10,000 ozs. Morning: Three months 859.0, 60.0, 61.0, 60.5. Kerb: three months 861.0. Afternoon: three months 855.0, 60.0. Kerb: three months 863.0, 64.0, 65.0, 64.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	838.90p	+7.60	837.5p	—3
3 months	861.70p	+7.60	860.25p	—3.25
6 months	882.70p	+8.60	—	
12 months	931.80p	+9.85	—	

Silver was fixed 7.6p an ounce higher for spot delivery in the London bullion market yesterday at 838.9p. U.S. equivalents of the fixing levels were: spot $12.99, up 21.7c; three-month $13.274, up 21.9c; six-month $13.545, up 24.1c; and 12-month $14.225, up 26.2c. The metal opened at 849-851p ($13.20-$13.24) and closed at 833-836p ($12.88-$12.94).

COCOA

Futures traded actively and closed on a fully steady note. Physicals did not appeal to consumers at current levels but there was some light producer selling on the forward positions, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1228-29	+7.0	1240-20
May	1233-34	+0.0	1247-31
July	1250-51	+7.0	1258-46
Sept.	1262-63	+8.5	1268-56
Dec.	1278-79	+7.5	1285-78
March	1290-94	+4.5	1300-90
May	1607-19	+0.5	1513-09

Sales: 7,931 (8,527) lots of 10 tonnes.

ICCO—Daily price for Jan 25: 81.17 (78.31). Indicator prices for Jan 26: 61.08 (81.40).

COFFEE

The current technical situation helped establish new contract highs in most positions, reports Drexel Burnham Lambert. Commission house and trade buying in the afternoon consolidated earlier levels.

COFFEE	Yest'day's Close	+ or —	Business Done
January	1995-2001	+15.5	2001-70
March	1688-90	+8.0	1695-70
May	1588-90	+0.5	1597-78
July	1507-09	+19.0	1509-85
Sept.	1446-47	+18.5	1447-25
Nov	1400-01	+18.0	1402-70
January	1565-70	+20.0	1565-35

Sales: 3,948 (4,739) lots of 5 tonnes.

ICO Indicator price for Jan 25 (U.S. cents per pound): Comp. daily 1979 125.84 (125.74); 15-day average 127.37 (127.60).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
Mar	124.20	+0.10	115.60	—0.10
May	125.95		117.30	+0.10
July	127.95	+0.10	—	
Sep	116.10	—0.25	108.70	+0.05
Nov	118.00	—0.10	111.60	+0.05

HGCA — Locational ex-farm spot prices. Feed barley: E. Midlands 113.80, N. East 114.80, Scotland 114.80. The UK monetary coefficient for the week beginning Monday, January 31, is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Feb 132.50, Mar 133, April/May 122.50 transhipment east coast sellers. English feed fob Feb 124.50, April/June 129 east coast sellers. Maize: French Feb 147 transhipment east coast seller. S. African White/Yellow Mar/April 97.50 seller. Barley: English feed fob Feb 121 east coast seller. Rest unquoted.

Business done—Wheat: March 124.20-3.60, May 125.80-5.50, July 127.95-7.40, Sept 110.25-5.15, Nov 118.00. Sales: 136 lots of 100 tonnes. Barley: March 115.60-5.55, May 117.30-7.10, Sept 108.70-0.60, Nov 111.70. Sales: 115 lots of 100 tonnes.

POTATOES

The market was again under pressure on the opening but during the day May recovered, reports Coley and Harper.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
[illegible]			

RUBBER

The London physical market opened about unchanged, attracted little interest throughout the day and closed quiet. Lewis and Peat reported a February fob price for No. 1 RSS in Kuala Lumpur of 188.9 (same) cents a kg and SMR 20 171.0 (same).

No. 1 R.S.S.	Yesterdys close	Previous close	Business Done
	£ per tonne		
Mar	567-575	568-565	—
Apr	570-578	—	—
Apl-Jne	579-581	574-576	582-574
Jly-Sept	594-605	597-598	606-587
Oct-Dec	625-626	616-617	626-620
Jan-Mch	646-647	637-638	647-644
Apl-Jne	667-668	657-658	667
Jly-Sept	689-691	680-682	—
Oct-Dec	710-714	701-705	708

Sales: 288 (251) lots of 15 tonnes, nil (5) of 5 tonnes.

Physical closing prices (buyers) were spot 55.75p (55.50p); March 58.25p (58.50p); April 58.75p (59.00p).

SOYABEAN MEAL

The market opened £1 easier on stronger sterling, reports T. G. Roddick. Prices firmed late in the day on commission house buying.

	Yesterdy's Close	+ or —	Business Done
	£ per tonne		
Feb	145.80-49.0	+1.80	145.50.5
April	146.20-46.3	—0.05	148.30-45.00
June	146.80-47.5	+0.55	148.90-45.35
August	148.00-48.5	+0.60	148.00-47.00
October	149.50-50.3	+1.00	140.70-48.50
Dec	154.50-55.0	+2.50	153.50
Feb	154.00-58.6	+3.00	—

Sales: 186 (284) lots of 100 tonnes.

SOYABEAN OIL—After opening $2.00 easier in quiet trade the market steadied on mixed buying. Close (U.S. $ per tonne): Feb 405.00, 419.00, 407.00; April 418.00, 417.00, untraded; June 430.00, 431.00, 430.00-427.00; Aug 435.00, 439.00, 435.00; Oct 441.00, 448.00, untraded; Dec 448.00, 457.00, untraded; Feb 455.00, 466.00, untraded. Sales: 25 (10) lots of 25 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar £108.00 (£105.00) a tonne cif Jan-Feb-March shipment. White sugar £137.50 (£136.50).

No.4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	111.75-11.80	111.75-11.80	113.50-11.25
[illegible]			

[illegible]

WOOL FUTURES

[illegible]

COTTON

[illegible]

MEAT/FISH

[illegible]

£7.10; rockfish £3.90; saithe £2.40-£2.80.

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 81.2 to 85.2; Ulster hindquarters 91.0 to 95.5, forequarters 56.9 to 59.5. Veal: Dutch hinds and ends 136.0 to 139.5. Lamb: English small 71.0 to 78.0, medium 68.5 to 73.0, heavy 62.0 to 65.0; Imported: New Zealand PL 50.0 to 51.3, PM 49.0 to 50.0, YL 48.0 to 48.0. Pork: English, under 100 lb 35.0 to 50.5, 100-120 lb 38.0 to 49.0, 120-180 lb 35.5 46.5.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.22p per kg lw (—1.04). GB—Sheep 156.98p per kg est dcw (+5.78). GB—Pigs 60.48p per kg lw (—1.47).

COVENT GARDEN—Prices for bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Satsumas—Spania: 10 kg 3.30-3.60. Oranges—Spania— Navels 3.80-5.80; Jaffa: Shamouti 88 5.40, 105 5.10, 123 4.90, 144 4.80, 168 4.50, Navels 88 5.40, 105 4.80, 123 4.50, 144 4.30, 168 4.20; Moroccan: Navels 3.40-5.40. Seville—Spanish: 40 lb 5.00. Lemons—Turkish: 80/1/50 3.50-4.30; Cypriot: 8 kg 2.80-4.20; Spania: tray 5 kg 25/50 1.80-2.40. Grapefruit—Cypriot: 27/56 2.80-4.00; Jaffa: 64 3.90, 75 3.80, 88 3.80, Ruby 6.00-6.80; U.S.: Ruby 6.50-8.00 according to size. Clementines—Moroccan: 5.30-6.00. Apples—French: Golden Delicious 18 kg 5.00-7.00, Starkcrimson 18 kg 4.00-6.00, Granny Smith 18 kg 5.50-7.50; U.S.: Red Delicious 8.50-13.00; Canadian: 11.00-12.50; Polish: Spartan 13 kg, per pound 0.12-0.14. Pears—Dutch: Comice 14 lb 3.85-4.20, Conference 12 kg 5.00; Italian: Passacrassana 12/14 lb, per pound 0.14-0.18. Peaches—Cape: 4.50-5.40. Sharon Fruit—Israeli: 3.00-3.20. Grapes—Spanish: Almeria 2.20-3.20, Napoleon 2.80-3.20; S. African: Thompson 11 lb 11.00; U.S.: Red Emperor, per pound, 0.55-0.65; Cape: Queen of the Vineyard 11 lb 8.50-9.00. Strawberries—Israeli: 8 oz 1.20; Kenyan: 8 oz 0.80. Plums—Cape: Santa Rosa 11 lb, per box, according to size, 2.50-4.00, Gaviota [illegible]

INDICES

FINANCIAL TIMES

Jan. 25	Jan. 24	M'th ago	Yr'r ago
251.58	249.27	—	250.87

(Base: July 1 1952 = 100)

REUTERS

Jan. 26	Jan. 25	M'th ago	Y'ar ago
1646.5	1643.5	1582.8	1628.7

(Base: September 18 1931 = 100)

MOODY'S

[illegible]

DOW JONES

[illegible]

AMERICAN MARKETS

NEW YORK, January 26

Gold and silver traded around unchanged levels with selling developing on rallies in response to the pressure on currencies and upward movement in interest rates while buying continued to develop on the concerns associated with the international banking system and expectations of an unfavourable U.S. trade deficit. Copper came under pressure from profit-taking. Sugar, after early losses due to profit-taking, recovered late in the session on local and commission house buying. Cocoa was sharply higher on a general lack of origin selling and low purchase figures for Ghana. Coffee remained featureless as cash interest remained light, but support was generated at lower levels on nearby supply tightness in Europe. Cotton attracted light buying late on expectations of good participation in the payment-in-kind programme. Heating oil firmed initially on expectations on constructive weekly stocks figures but was unable to maintain any rally due to continued liquidation. Grain and soyabeans attracted speculative buying due to an expected tight free stocks in maize, reported Heinold.

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	1719	1738	1692	1665
May	1734	1753	1725	1702
July	1754	1770	1750	1730
Sept	1779	1795	1779	1755
Dec	1801	1815	1806	1779
March	1836	1850	1840	1814
May	1866	1875	1875	—

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
March	125.34	126.45	125.00	126.04
May	122.88	126.08	122.30	123.23
July	120.88	121.20	120.25	120.50
Sept	118.80	119.20	118.30	114.33
Dec	116.85	117.18	118.50	116.38
March	114.87	115.18	114.99	114.51
May	112.95	—	—	112.76

COPPER 25,000lb, cents/lb

	Close	High	Low	Prev
Jan	72.85	73.20	72.85	73.25
Feb	72.95	—	—	73.45
March	73.50	74.40	73.35	74.19
[illegible]				

COTTON 50,000 lb, cents/lb

[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

[illegible]

ORANGE JUICE 15,000 lbs, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	1313.5	1314.9	1298.0	1307.5
Feb	1313.5	—	—	1309.5
March	1322.0	1333.5	1299.0	1318.0
May	1343.0	1355.0	1320.0	1339.9
July	1364.5	1394.5	1365.0	1382.0
Sept	1388.0	1394.5	1365.0	1382.0
Dec	1419.7	1467.9	1435.0	1450.2
March	1454.2	1467.0	1435.0	1450.2
May	1476.7	—	—	1472.7
July	1499.2	1490.0	1490.0	1495.2

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	59.72	59.80	58.75	59.67
April	60.80	61.40	60.05	61.25
June	62.97	63.30	62.25	63.17
August	62.10	62.45	61.55	62.20
Oct	60.82	60.85	59.90	60.52
Dec	62.00	62.05	61.50	61.80

LIVE HOGS 30,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56lb bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

SOYABEANS 5,000 bu min, cents/60lb bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60lb bushel

[illegible]

[illegible]

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TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	Jun. Vol.	Jun. Last	Sept. Vol.	Sept. Last	Stock
D/FL C	F.265	2	6 B	25	7 B	—	—	F.266.10
O/FL P	F.260	8	6.50	22	7	—	—	"
O/FL F	F.265	12	8	—	—	—	—	"
O/FL P	F.270	11	2 A	4	14	—	—	"
O/FL P	F.275	1	11.50	1	17	—	—	"
O/FL P	F.280	—	—	50	22	—	—	"
		Feb.		May		Aug.		
GOLD C	$400	1	90	2	108	—	—	$487
GOLD C	$425	12	66	2	88	—	—	"
GOLD O	$450	15	46	23	67 A	20	80	"
OOLD C	$475	176	24	20	52 A	—	—	"
GOLD O	$500	289	14	182	41	20	56 A	"
GOLD C	$550	15	4.50	63	20	—	—	"
OOLD F	$375	5	0.10	—	—	—	—	"
GOLD P	$425	—	—	40	4.50	—	—	"
GOLD P	$450	6	2.50	69	9	1	16	"
GOLD P	$475	16	10	16	18	2	25	"
GOLD P	$500	25	20	50	30	2	58	"
12¾ NL 81 87-91								
C	F.127.50	150	6.50	112	6.50 A	—	—	F.133.50
C	F.130	—	—	35	6.30	—	—	"
O	F.135	491	1.50	117	2.80	—	—	"
C	F.140	—	—	110	1.10	—	—	"
P	F.115	—	—	580	0.10	—	—	"
F	F.127.50	—	—	80	1.20	—	—	"
P	F.130	88	0.70	100	2.30 B	—	—	"
F	F.135	190	2.50	—	—	—	—	"
10¾ NL 80 86-95								
O	F.112.50	—	—	30	4 A	—	—	F.115.50
C	F.115	—	—	—	—	70	5.20	"
C	F.117.50	—	—	—	—	100	2.30	"
P	F.112.50	—	—	—	—	100	2	"
11¼ NL 82 88-92								
C	F.107.50	10	2.80	—	—	—	—	F.117
O	F.112.50	—	—	15	5.30 A	—	—	"
C	F.115	—	—	34	6.50	—	—	"
O	F.117.50	—	—	76	2.50	—	—	"
10½ NL 82 86-89								
O	F.107.50	10	4.50	—	—	—	—	F.111.80
7¾ NL 82 89-93								
C	F.100	100	1.80	—	—	—	—	F.101.40
C	F.102.50	—	—	140	1.20 A	—	—	"
P	F.102.50	—	—	50	2.50	—	—	"
7½ NL 83 87-90								
C	F.100	—	—	36	1.90	—	—	F.100.40
		April		July		Oct.		
ABN P	F.260	20	2.80	—	—	—	—	F.296
AKZO O	F.32.50	21	6.20	16	6.50	—	—	F.37.90
AKZO C	F.35	124	4.70	48	5.30	—	—	"
AKZO C	F.40	563	2.10	110	6	20	4 A	"
AZKO P	F.27.50	—	—	20	0.50	—	—	"
AKZO P	F.35	16	1.20 B	—	—	—	—	"
AKZO P	F.40	54	6	—	—	—	—	"
AMRO P	F.40	142	2.10	—	—	—	—	F.43.80
AMRO F	F.45	71	4.50	—	—	—	—	"
HEIN C	F.100	27	11	—	—	—	—	F.104.50
NEIN C	F110	36	6	48	8	—	—	"
NOOG C	F.15	15	2.50 A	—	—	—	—	F.16.50
HOOG C	F.17.50	103	1.30	—	—	—	—	"
KLM C	F.140	24	12.50	—	—	—	—	F.149
KLM C	F.150	120	14.50	—	—	—	—	"
KLM P	F.120	42	5.20	—	—	—	—	"
KLM P	F.130	34	7.50	—	—	—	—	"
KLM P	F.140	66	2.70	—	—	—	—	"
KLM F	F.150	50	14	—	—	—	—	"
NEDL P	F.90	33	4 B	—	—	—	—	F.94.50
MATN P	F.116	—	—	20	1.10	—	—	F.126
PHIL C	F.25	59	5.70	—	—	—	—	F.30.70
PHIL C	F.27.50	55	3.90	19	4.30	—	—	"
PHIL C	F.30	434	2.50 A	338	2.80	80	6.40	"
PHIL C	F.32.50	529	1.50	125	1.70	25	2.20	"
PNIL F	F.25	90	0.30	—	—	—	—	"
PHIL P	F.27.50	13	0.50	125	0.90	—	—	"
PHIL P	F.30	40	1.20	162	2.50	—	—	"
PH7L F	F.02.50	105	6.10	—	—	—	—	"
RD C	F.90	77	7	23	8.20	—	—	F92.80
NO C	F.100	629	2.70	105	4.10	34	5.60 A	"
RD F	F.80	6	0.50	63	1.60	—	—	"
RD P	F.90	197	2.70	26	4.50	10	5.50	"
RD P	F.100	74	8	12	2.50	14	12	"

TOTAL VOLUME IN CONTRACTS 8,810

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		CALLS Jan.	CALLS April	CALLS July	PUTS Jan.	PUTS April	PUTS July
BP (USP 320)	280	42	50	—	0½	8	—
" "	300	22	34	42	0½	16	22
" "	330	1	16	23	12	32	40
" "	360	0¼	6	10	42	50	54
CGF (USP 517)	390	130	137	140	1	2	8
" "	420	100	107	110	1	5	2
" "	460	60	74	82	1½	14	18
" "	500	20	47	57	2	30	40
" "	550	2	26	42	37	50	70
CTD (USP 74)	70	6	2	12	1	3	6
" "	80	1	6	7	7	8	11
" "	90	0¾	1½	—	17	18	—
" "	100	0½	—	—	—	—	—
CUA (USP 143)	120	26	26	29	1	2	6
" "	130	16	12	22	1	4	7
" "	140	4	16	15	2	12	15
" "	160	1	6	7	12	24	26
GEC (USP 190)	167	37	—	—	2	—	—
" "	157	27	—	—	2	—	—
" "	177	17	—	—	2	—	—
" "	187	7	—	—	2	—	—
" "	127	1	18	—	2	18	—
" "	200	—	—	25	—	—	22
" "	217	0½	8	—	29	30	—
" "	220	—	—	15	—	—	35
" "	257	0½	4	—	49	50	—
" "	240	—	—	10	—	—	54
" "	260	0½	2	6	72	72	75
GMN (USP 340)	214	127	—	—	1	—	—
" "	220	121	—	—	1	—	—
" "	240	101	105	—	1	1	—
" "	250	81	85	—	1	2	—
" "	280	61	65	70	1	4	4
" "	300	41	45	61	1	6	7
" "	330	11	25	50	1½	11	14
" "	360	1½	12	15	22	27	55
ICI (USP 372)	260	114	120	—	0½	2	—
" "	280	94	100	—	1	2	—
" "	300	74	80	86	1	6	4
" "	330	44	80	86	1	5	2
" "	360	14	26	34	1½	15	20
" "	390	3	14	20	20	34	38
LS (USP 276)	240	40	48	—	1	2	—
" "	260	20	25	36	2	6	11
" "	280	0¼	14	21	4	15	18
" "	300	1	6	10	22	25	25
M & S (USP 201)	140	63	—	—	—	—	—
" "	150	43	48	—	1	1½	—
" "	180	23	30	33	1	3	6
" "	200	2	17	24	1	10	12
" "	220	1	8	14	20	22	24
" "	240	0½	5	7	40	42	45

Option		CALLS Jan.	CALLS Apr.	CALLS Jul.	PUTS Jan.	PUTS Apr.	PUTS Jul.
SHL (USP 410)	360	54	50	—	0¼	—	—
" "	390	24	32	40	1½	12	14
" "	420	1	18	24	10	28	34
" "	460	1	8	12	50	56	30
Option		Feb.	May	Aug.	Feb.	May	Aug.
BBL (USP 403)	330	—	—	—	2	—	—
" "	360	47	56	56	2	8	13
" "	385	—	—	—	3	—	—
" "	390	20	27	40	6	16	27
" "	420	9	16	27	20	35	46
IMP (USP 128)	90	40	41	—	0¼	1	—
" "	100	30	31	—	0½	1	—
" "	110	20	22	24	1	2	4
" "	120	11	14	17	2	6	7
" "	130	4½	2	11	6	9	11
LMO (USP 278)	280	18	32	40	12	18	30
" "	300	8	20	35	27	32	47
" "	330	2	13	22	55	90	67
" "	360	2	2	—	85	90	—
" "	390	2	3	—	116	120	—
LNR (USP 27)	90	39	—	—	0¼	—	—
" "	70	29	—	—	1	—	—
" "	80	12	20	23	1	2	2½
" "	90	2½	11	14	1	6	7
" "	100	3½	6½	6	6	11	13
P & O (USP 116)	100	17	21	25	1	2	6
" "	110	8	15	18	2	6	8
" "	120	4	10	12½	7	11	16
" "	130	1½	5½	8½	17	12	25
" "	140	1	3	—	27	25	—
" "	150	0½	1	—	47	47	—
ROL (USP 462)	420	47	—	—	2	—	—
" "	460	20	40	50	2	16	24
" "	500	6	12	34	42	44	47
" "	550	2	10	18	92	92	92
" "	600	2	4	8	142	142	142
" "	650	1	2	—	192	192	—
RTZ (USP 617)	360	160	—	—	1	—	—
" "	390	130	137	—	1	2	2
" "	420	190	107	108	1	4	2
" "	460	80	74	77	2	12	20
" "	500	22	30	54	12	30	40
" "	550	4	25	34	45	67	62
VRF (USP 108)	55	53½	—	—	0¼	1	—
" "	60	48½	48½	—	0½	1	—
" "	70	38½	38½	32	0½	1	—
" "	80	28½	28½	22	0½	1¼	—
" "	90	18½	19½	21	0¼	2½	4½
" "	100	2	14	16	2	7	2
" "	110	6	10½	14½	6½	11½	14
" "	120	2	8½	10½	14	16½	20½

Jan. 25 Total Contracts 4,491 Calls 3,485 Puts 1,008

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Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		215.69		—
Managed Inv. Fd.	146.47	154.30		—
Property Fd.	144.54	152.16		—
Fixed Interest Fd.	137.24	144.47		—
Cash Fd.	130.69	137.36		—
Income Fd.	141.81	149.28		—
Extra Income Fd.	132.99	139.99		—
Worldwide Growth Fd.	186.72	196.55		—
Balanced Fd.	155.85	164.06		—
Smlr Co's & Recv. Fd.	160.05	168.48		—
Int. Technology Fd.	207.87	218.82		—
Nth Amer. & Gen. Fd.	111.42	138.34		—
Energy Int. Fd.	84.59	89.05		—
Pacific Basin Fund	113.27	119.24		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	93.7	98.6		—
International	98.1	103.9		—
Property	97.3	102.3		—
Deposit	95.3	100.3		—
Fixed Interest	93.6	98.5		—
Managed	96.0	101.1		—
Equity Pens. Cap.	93.3	98.2		—
Intnl. Pens. Cap.	98.8	104.0		—
Property Pens. Cap.	97.4	102.6		—
Deposit Pens. Cap.	95.3	100.3		—
Fixed Int. Pens. Cap.	93.3	98.2		—
Managed Pens. Cap.	96.0	101.0		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Jan 5		83.2		—
Rtmt. Fnd. Jan 1		204.4		—
Managed Pen Fund	161.0	175.8		—
Property Pen Fund	109.5	115.3		—
Index Lnkd Pen Fund	119.8	126.2		—
Managed	104.4	109.9	+0.6	—
Property	97.6	102.8		—
Gilt and Fixed Interest	94.6	99.6	+0.7	—
Index Linked	104.1	109.6		—
Equity	105.1	110.7	+0.8	—
Cash	97.5	102.1		—
Midland Bk. Unit Tst.	102.1	108.2	+1.0	—
Midland Bank Inint.	118.9	125.2	+1.1	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB 01-902 8876

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	117.9	124.2	−0.1	—
GT Pln High Yld Fnd.	101.3	106.7		—
GT Plan Far East Fnd	94.8	99.8		—
GT Pln N Am Fund	137.6	144.9		—
GT Pln UK&G.E. Fnd	116.5	122.7		—
GT Pln Wrldwde Fnd.	108.5	114.3		—
GT Pension Bnd Fnd.	122.0	128.5	−0.2	—
GT Pen High Yld Fd.	112.7	118.7		—
GT Pen Far East Fd.	100.2	105.5		—
GT Pen N. Am. Fd.	166.4	175.2		—
GT Pen UK & G.E. Fd.	127.2	133.9		—
GT Pen Worldwide Fd.	113.6	119.6		—

Assicurazioni GENERALI S.p.A.
111, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	154.5	162.7		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		218.4		—
Portfolio Fd. Inl.		186.5		—
Portfolio Fd. Cap.		212.1		—
Portfolio Man. Acc.	65.4	68.8		—
Portfolio Man. Init.	58.3	61.4		—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1,425		—
Landbank Secs.		64.03		—
Landbank Secs. Acc.	179.3	177.8		—
G. & S. Super Fd.		130.734		—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	298.6	311.0		—

GRE Linked Assurance Limited

Managed Initial	177.2	186.5	−2.5	—
Do. Accum.	193.5	203.7	−2.7	—
Equity Initial	225.6	237.5	−2.8	—
Do. Accum.	246.4	259.4	−3.0	—
Fixed Int. Initial	186.1	195.9	+4.1	—
Do. Accum.	173.3	182.5	−1.0	—
International Initial	173.3	182.5	−1.0	—
Do. Accum.	189.3	199.3	−1.1	—
Property Initial	121.2	127.6		—
Do. Accum.	132.2	139.2		—
Deposit Initial	119.6	125.9		—

OFFSHORE AND OVERSEAS

NOTES

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CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

Stock	Price £	+ or –	Int.	Red. Yield
Aust. 6pc 1981-83	96¼xd	..	6.29	11.90
N.Z. 7¼pc 1988-92	75⅝xd	+¼	9.65	11.68
Do. 7½pc '83-86	88¼xd	+½	8.58	12.12
S. Rhod. 2½pc Non-Ass.	163	+1	—	—
Do. 3½pc 80-85 Asstd	80	..	12.04	11.19
Do. 4½pc 87-92 Asstd	47xd	–3	9.57	15.60
Zimbabwe Ann (£100pa)	380	....	—	17.20

LOANS

Public Board and Ind.

Stock	Price £	+ or –	Int.	Red. Yield
Agric. Mt. 5pc '59-89	74xd	+¼	6.79	10.77
Met. Wtr. 3pc 'B'	32¼	–½	9.64	12.33

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS & HIRE PURCHASE

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
282	182	ANZ $A1	230	–5	Q28c	1.1	7.7	4.2
315	205	Alexanders D. £1	288	+0	20.0	—	10.4	—
£75½	£48	Algemene Fl.100	£70½	.....	Q26%	2.8	8.9	6.2
102	75	Allied Irish	100	...	Q45.3%	4.0	9.8	3.3

BANKS & H.P.—Cont.

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ELECTRICALS—Continued

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FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
210	145	Jacksons Bourne	195	.....	5.0	3.1	3.7	12.6
32	19	James Inds. 10p	20xd	+1	1.25	1.9	8.9	8.4
180	105	Jardine M HK$5	138	−2	Q92c	2.3	6.5	6.7
*48	13	Jenks & Cattell	23	.....	Z1.0	—	6.2	—
306	187	Johnson Clnrs.	288	.....	†17.7	2.3	3.8	16.0
340	227	Johnson Mthy. £1	325	+3	10.0	1.9	9.4	(4.2)
238	98	Johnston Grp. 10p	238	.....	4.0	6.2	2.4	9.4
92	64	Jourdan (T.) 10p	92	.....	5.25	0.6	8.2	(32.1)
48	35	Kalamazoo 10p	42	.....	2.5	0.9	8.8	18.1
170	135	Kelsey Inds.	170	.....	8.0	ф	6.7	ф
310	110	Kershaw (A.) 5p	110	−8	15.0	ф	21.2	ф
55	36	Keen-E-Ze Hldgs.	39	.....	†3.0	0.2	11.0	—
*66½	42½	L.C.P. Hlds	52xr	.....	3.6	0.6	9.9	(30.8)
110	39½	L.R.C. Int. 10p	110	.....	†3.1	2.0	4.1	18.4
46	27	Lawtex	27	.....	—	—	—	—
440	277	Lep Group 10p	390	+5	17.5	1.7	6.4	(11.6)
37	22	Lilleshall 10p	22	−1	‡2.5	—	‡	—
500	39	Lon. & Liv. 10p	500	+25	†2.45	2.4	0.7	72.8
116	78	London & Midl'd.	105	+½	7.75	1.1	10.5	(12.8)
62½	36	Lon. & Nthn. Grp.	55	.....	†3.75	2.1	9.7	5.9
43	23	‡Lon. Priv. Health	38½	.....	—	—	—	14.5
10	3½	Long Hmbly. 10p	8¼	.....	8—	—	—	—
65	36	Longton Inds.	64	.....	3.0	—	2.2	—
195	55	Low & Bonar 50p	84	+4	†7.0	0.6	11.9	(28.4)
27½	14	M.Y. Dart. 10p	18	.....	‡h1.21	—	‡	—
242	105	M'C'rthy Ph. 20p	172	+2	7.0	2.5	5.9	8.4
136	48	Macfarlane Gp.	136	.....	†h3.2	2.5	3.4	15.5
49	28	Maclellan 20p	45	.....	d1.43	1.4	4.5	(18.0)
86	40	Macpherson (D.)	48	−1	4.2	1.5	12.5	7.0
62	41	Magnolia Group	41	.....	2.3	3.9	8.0	4.2
108	57	Man. Ship Can. £1	88	.....	8—	—	—	—
37	35	Marley	55	+1	2.25	1.5	5.8	(14.6)
51	29	Marling Ind. 10p	34	.....	1.08	6.7	4.5	3.5
49	26	Marshall L'xy. 'A'	26	.....	2.8	1.9	15.4	(4.1)
88	56	Marshall's Univ	60	+2	0.1	—	0.2	—
37	21½	Martin-Black	25	.....	—	—	—	—
£143	£97	‡Mathesons 7¼%	£113	.....	07¼%	2.5	76.9	—
190	132	Metal Box £1	162	+2	11.55	1.2	10.2	(11.2)
138	106	Metal Closures	108	.....	3.7	2.6	7.5	5.8
21	8½	Metamec Jentique	11½	.....	0.5	—	6.2	—

INSURANCES

LEISURE

LEISURE—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
151	90½	Intasun 10p	118	.....	3.5	[illegible]	4.2	6.0
182	112	LWT "A"	156	+2	11.08	[illegible]	10.1	12.5
218	116	‡Leisure Inds.	205	.....	§6.0	[illegible]	4.2	9.7
144	64	Leisuretime Int 10p	135	.....	0.9	[illegible]	1.0	46.2
132	80	Magnt. Ag. M. 10p	123	+1	8.73	[illegible]	10.2	8.9
67	55	Medminster 10p	58	.....	4.0	[illegible]	9.9	18.2
275	96	‡Nimslo Int 20c	97	+1	—	—	—	—
185	33	Norton & Wrt. 10p	78	+3	†d2.0	[illegible]	3.7	—
28	14	‡Owners Abroad	25½	+¼	u0.35	[illegible]	2.0	15.8
65	43	Photax (Lon.)	43	.....	‡3.5	[illegible]	‡	2.7
153	80	‡P'nple Dv. St. 10p	140	+5	ud1.5	[illegible]	1.5	34.6
500	149	Pleasurama 5p	445xd	.....	7.5	ф	2.4	ф
113	88	‡Radio City 'A' NV	110	.....	g5.6	ф	7.3	ф
*145	82½	Riley Leisure 10p	143	+3	24.1	1.7	4.1	20.8
179	84	Saga Hols. 20p	107	.....	d3.73	—	5.0	—
440	125	Samuelson 20p	420	.....	td12.0	ф	4.2	ф
107	76	Scott. TV 'A' 10p	95	−1	†7.0	3.8	10.5	3.5
*45	21	‡SelecTV 10p	45	+8	—	—	—	—
18	13	TSW 5p	15½	.....	0.9	3.3	8.3	5.2
52	28	‡TVS N/Vtg 10p	37	.....	—	—	—	—
100	55	Trid'nt TV 'A' 10p	79	.....	4.26	ф	8.0	ф
215	92	‡21st Century Dist	150	−10	—	—	—	—
27½	15	Webb (Jos.) 5p	15	.....	d0.51	2.2	4.9	(8.7)
93	69	Zetters 5p	81	.....	2.75	2.8	4.8	10.5

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
21	12	B. L. 50p	20	.....	—	—	—	—
62	38	‡Caltmor Mtor 10p	61	.....	u1.5	3.2	3.5	(9.8)
305	93	Gen. Mts. Units	190	.....	Q12c	—	4.0	—
272	133	Honda Motor Y50	268	+7	Q10%	8.4	0.4	28.1
32	14	Lotus Car 10p	31	+4	—	—	—	—
34	7	‡Reliant Motor 5p	30	.....	—	—	—	8.0
£29	£12½	Volvo Kr50	£27¾	.....	Q20%	ф	3.2	ф

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Central African

Australians

Tins

Miscellaneous

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
87	20	♥Anglo-Dominion	72	.....	—	—	—
125	25	Anglo Utd Dev.	79	+4	—	—	—
		For Burma see Southwest Res					
130	27	♥Colby Res Corp.	122	.....	—	—	—
440	170	Cons. Murch. 10c.	410	.....	$060c	1.9	‡
0	1½	‡‡Explaura Gold	4½	.....	—	—	—
150	55	♥Highwood Res	130	.....	—	—	—
£40⅛	£25	Homestake Mining $1	£38	+1	Q40c	—	0.6
470	160	Northgate C$1	410	.....	—	—	—
533	344	R.T.Z.	515	+2	16.0	1.6	4.4
£120	£84	Do.9¾%Cv.Ln.'95-2000	£116½	+1½	Q9¾%	23.9	8.2
28	11	♥Sabina Inds C$1	23	.....	—	—	—
13	12½	‡Southwest Res 10p	13	+½	—	—	—
530	270	♥Tara Expln $1	480	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ● Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▮ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Higsons Brew	102	.....	Concrete Prods.	53	.....
Holt (Jos) 25p	880	.....	Heiton (Hldgs.)	16	.....
I O M. Stm. £1	183	+5	Ins. Corpn. Ireland	360	.....
Pearce (C. H.)	£12	.....	Irish Ropes	26	.....
Peel Hldgs.	160	.....	Jacob	82	.....
			T.M.G.	95	.....
			Unidare	42	.....

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	15	House of Fraser	15	Utd. Drapery	7
BOC Grp	17	I.C.I.	24	Vickers	12
B.S.R.	6	"Imps"	10	Woolworth Hld.	15
Babcock	10	I.C.L.	8	**Property**	
Barclays Bank	35	Ladbroke	15	Brit. Land	7½
Beecham	35	Legal & Gen.	28	Cap. Counties	12
Blue Circle	44	Lex Service	16	Land Secs.	26
Boots	22	Lloyds Bank	35	MEPC	17
Bowaters	19	"Lots"	4	Peachey	14
Brit. Aerospace	20	London Brick	11	Samuel Props.	10
B.A.T.	50	Lucas Inds.	11	Town & City	3
Brown (J.)	4	"Mams"	12	**Oils**	
Burton Ord.	24	Mrks. & Spncr	16	Brit. Petroleum	26
Cadburys	11	Midland Bank	30	Burmah Oil	12
Courtaulds	8	N.E.I.	9	Charterhall	5
Debenhams	8½	Nat. West. Bank	38	KCA	8
Distillers	20	P & O Dfd.	14	Premier	4
Dunlop	5½	Plessey	50	Shell	35
Eagle Star	30	Racal Elect.	45	Tricentrol	22
F N F C	4	R.H.M.	6	Ultramar	42
Gen. Accident	30	Rank Org. Ord.	15	**Mines**	
Gen. Electric	24	Reed Intnl.	26	Charter Cons.	20
Glaxo	98	Sears	9	Cons. Gold	40
Grand Met.	25	T.I.	13	Lonrho	8
G.U.S. 'A'	50	Tesco	8	Rio T. Zinc	42
Guardian	35	Thorn EMI	38		
G K N	15	Trust Houses	11		
Hawker Sidd.	30	Turner & Newall	4		
		Unilever	65		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 33

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Nervous conditions unsettle dollar

The dollar moved erratically in currency markets yesterday with no clear trend developing. The underlying implications of the recent rift within Opec were still being digested while U.S. trade figures due out after the close of business in London were expected to be less than encouraging. On this basis there was a tendency to sell dollars, interspersed with the occasional technical rally. Little indications could be derived from the Federal funds rate with the usual Wednesday distortions on rates being applied as commercial banks adjusted positions for published figure day.

Sterling retreated to the sidelines and took advantage of this by registering small gains against most currencies.

DOLLAR — Trade weighted index (Bank of England) 119.6 against 118.7 six months ago. The dollar has returned to favour as hopes of an early cut in the discount rate recede. The prospect of large Federal fund raising has also kept rates firm while fundamentals such as trade and budget deficits are being ignored at the moment.

The dollar finished close to its best level of the day after late demand prompted to some extent by comments made by U.S. Treasury Secretary Donald Regan. Against the D-mark it closed at DM 2.4250 up from DM 2.4215 but was unchanged against the Swiss franc at SwFr 1.99. Its closing rate against the yen was slightly below Tuesday's close at Y 235.50 compared with Y236.0 while it rose in terms of the French franc to FFr 6.8775 from FFr 6.8625.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5370. December average 1.6176. Trade weighted index 81.2 against 81.1 at noon and 81.2 at the opening and compared with 81.0 on Tuesday and 91.2 six months ago. Sterling is very weak on fears of lower North Sea oil prices and current disarray within Opec. There is also uncertainty caused by the possibility of an early general election. Sterling is now trading close to an all time low against the dollar and has recently begun to lose ground against European currencies.

Sterling opened at $1.5550 against the dollar and eased initially to $1.5450 before coming back to $1.5525. However renewed selling developed and it settled to trade just above $1.5450. After briefly moving above the $1.55 level, late dollar demand pushed sterling down to a close of $1.5455-1.5465, a rise of 90 points from Tuesday. Against the D-mark it rose to DM 3.7550 from DM 3.7250 and SwFr 3.0775 from SwFr 3.06. It was also higher against the yen at Y364.25 from Y362.75 and FFr 10.63 from FFr 10.55.

D-MARK — Trading range against the dollar in 1982-83 is 2.5940 to 2.2410. December average 2.4225. Trade weighted index 128.0 against 125.8 six months ago. The D-mark has shown a weaker tendency recently in the run up to a March general election. But as the possibility of a discount rate cut before the election recedes so the D-mark has shown signs of steadying.

The D-mark was mostly firmer at yesterday's fixing in Frankfurt. As one of the countries likely to benefit most from cheaper oil the D-mark started to attract investment interest and the dollar fell to DM 2.4153 at the fixing compared with DM 2.4432 on Tuesday. The German unit also received a boost after the announcement of a higher trade and current account surplus. Sterling was lower at DM 3.738 from DM 3.749 while the Swiss franc was marginally firmer at DM 1.2186 against DM 1.2182.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	44.9836	+0.03	+1.39	±1.5501
Danish Krone ...	8.23400	8.05695	−2.15	−0.79	±1.6430
German D-Mark	2.33379	2.29348	−1.73	−0.37	±1.0888
French Franc ...	6.61387	6.50220	−1.67	−0.31	±1.3940
Dutch Guilder ...	2.57971	2.52335	−2.18	−0.82	±1.5004
Irish Punt	0.691011	0.688324	−0.39	+0.97	±1.6691
Italian Lira	1350.27	1321.07	−2.16	−1.39	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Jan. 26	£	$		£ Note Rates
Argentina Peso...	92,075-92,115	58,940-60,990	Austria............	26.10-29.40
Australia Dollar..	1.5845-1.8505	1.0250-1.0256	Belgium	75.50-75.30
Brazil Cruzeiro..	417.25 418.23	869.28-270.03	Denmark..........	10.06-13.20
Finland Markka..	8.2785-8.2010	5.3425-5.3445	France............	10.55-10.05
Greek Drachma..	126.195-101.452	83.50-83.90	Germany..........	3.72-3.70
Hong Kong Dollar	10.11½-10.13¼	6.5500-6.5560	Italy	2120-2160
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Selling rates.

CURRENCY MOVEMENTS

Jan. 26	Bank of England Index	Morgan Guaranty Change %
Sterling............	91.2	−39.2
U.S. dollar..........	110.6	+10.2
Canadian dollar....	89.2	−17.5
Austrian schilling.	120.4	+30.4
Belgian franc	94.1	−1.2
Danish kroner	84.5	−6.9
[illegible]	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.707067	0.015202
U.S. $	[illegible]	1.09304	0.952840
Canadian $...	2.61	*	1.17008
Austria Sch	4¾	16.5117	16.0996
Belgian F ...	11½	51.6210	44.9856
Danish Kr ...	10	0.34001	8.05695
[illegible]	[illegible]	[illegible]	[illegible]

* CS/SDR rate for Jan 25: 1.34321.

THE POUND SPOT AND FORWARD

Jan 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	1.1160-1.1300	1.1285-1.1295	0.66-0.79p dis	−7.72	1.86-1.94dis	−8.42
W. Ger.	3.71-3.76	3.75-3.76	2½-1½pf pm	8.99	5½-5 pm	5.59
Portugal	143.50-147.50	143.75-146.75	355-1215c dis	−65.08	890-2250dis	−40.62
Spain	197.75-198.50	198.20-198.50	90-115c dis	−6.17	300-360 dis	−6.62
Italy	2138-2169	2154½-2156½	12-16lire dis	−7.79	48-54 dis	−9.56
Norway	10.90-11.04	11.02-11.03	1-2ore dis	−1.63	5½-6½ dis	−2.18
France	10.53-10.64	10.62½-10.63½	3-5c dis	−4.51	19-22 dis	−7.71
Sweden	11.36-11.48	11.46½-11.47½	1½-½ore pm	1.04	2¼-1¼ pm	0.61
Japan	360-366	363½-364½	1.50-1.30y pm	4.61	4.25-4.05 pm	4.56
Austria	26.05-26.35	26.25-26.30	13-10¼gro pm	5.42	25½-30¼ pm	5.06
Switz.	3.04½-3.08½	3.07¼-3.08¼	2½-2c pm	6.77	6½-6 pm	8.12

Belgian rate is for convertible francs. Financial franc 75.85-75.95. Six-month forward dollar 1.27-1.2c pm, 12-month 2.10-1.95c pm.

THE DOLLAR SPOT AND FORWARD

Jan 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	8.4400-8.5300	8.5200-8.5300	5½-6½ore dis	−8.48	16-17 dis	−7.77
W. Ger.	2.4015-2.4320	2.4275-2.4285	0.74-0.69pf pm	3.58	2.22-2.17 pm	3.62
Portugal	92.50-95.00	92.50-94.50	260-800c dis	−67.02	900-1800dis	−42.65
Spain	127.75-128.40	128.30-128.40	85-100c dis	−8.67	285-295 dis	−9.34
Italy	1382½-1399	1394-1395	11½-13lire dis	−10.57	41-43 dis	−12.08
Norway	7.1050-7.1250	7.1125-7.1200	2-2¾ore dis	−4.00	7¼-8 dis	−4.28
France	6.8150-6.8850	6.8750-6.8800	3½-4¼c dis	−8.78	17-18½ dis	−10.36
Sweden	7.3685-7.3900	7.3800-7.3850	0.60-1.10ore dis	−1.38	3.30-3.80dis	−1.92
Japan	233.40-235.90	235.45-235.55	0.52-0.45y pm	2.47	1.60-1.50 pm	2.63
Austria	16.91-16.96½	16.94½-16.95¼	4.60-3.80gro pm	2.97	13½-11 pm	2.89
Switz.	1.9725-1.9925	1.9895-1.9905	1.15-1.10c pm	6.78	3.15-3.00 pm	6.18

Belgian rate is for convertible francs. Financial franc 49.05-49.15. † UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

EXCHANGE CROSS RATES

Jan. 26	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.546	3.755	364.3	10.63	3.078	4.150	2156.	1.912	75.40
U.S. Dollar	0.647	1.	2.429	235.6	6.876	1.991	2.671	1394.	1.236	47.46
Deutschemark	0.266	0.412	1.	97.00	2.831	0.820	1.100	573.0	0.502	19.65
Japanese Yen 1,000	2.740	4.244	10.31	1000.	29.19	8.440	1.134	5918.	5.246	201.5
French Franc 10	0.941	1.454	3.532	342.7	10.	2.895	3.885	2028.	1.798	69.05
Swiss Franc	0.320	0.508	1.220	118.4	3.454	1.	1.342	700.4	0.621	23.85
Dutch Guilder	0.242	0.374	0.909	88.20	2.574	0.745	1.	521.9	0.463	17.77
Italian Lira 1,000	0.464	0.717	1.742	169.0	4.932	1.428	1.918	1000.	0.887	34.05
Canadian Dollar	0.523	0.809	1.964	190.6	5.561	1.610	2.161	1128.	1.	38.40
Belgian Franc 100	1.362	2.106	5.110	496.3	14.48	4.193	0.627	2937.	2.604	100.

FINANCIAL FUTURES

Calmer trading

Trading was a little calmer in the London International Financial Futures Exchange yesterday. Sterling issues tended to open higher but fell back during the day before recovering to finish largely unchanged from opening levels. The March contract in short sterling deposits opened at 89.16, up from Tuesday's close of 88.92, with dealers noting a much steadier dollar/sterling rate and a corresponding fall in the cash market. However early rises were not sustained. Although the market has seen an improvement in sentiment it may take a further period of consolidation before a return to lower interest rates. Good selling pushed the price down and after a brief pause renewed offering pushed it to a low of 88.98. Prices finished above the day's low at 89.03.

Gilts acted in much the same way, pushing forward initially as the cash market rallied, with the March price opening at 98-25 compared with Tuesday's close of 98-05. However, after coming back to touch a low of 98-18 it finished at 98-22, hardly changed from opening levels.

Euro-dollars prices opened higher with a number of factors clouding the market. President Reagan's speech last night failed to produce any significant reaction and prices started to ease. U.S. sellers helped to push the price through a 90.70 resistance level, prompting some stop loss selling, and from an opening level of 90.80 the March price closed at a low for the day of 90.62, unchanged from Tuesday.

Currency futures opened higher against the dollar but came back in later trading to finish towards the lower end of the day's range although still showing an improvement over Tuesday.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100 per cent

	Close	High	Low	Prev
March	90.62	90.85	90.62	90.62
June	90.27	90.49	90.27	90.30
Sept	89.99	90.11	89.99	89.97
Dec	89.75	89.75	89.75	89.63
March	89.52	89.52	89.52	89.40

Volume 1,968 (1,380)
Previous day's open int. 3,465 (3,356)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100 per cent

20-YEAR 12 PER CENT NOTIONAL GILT £50,000 32nds of 100 per cent

CERT. DEPOSIT (IMM) $1m points of 100 per cent

THREE-MONTH EURODOLLAR (IMM) $1m points of 100 per cent

STERLING £25,000 $ per £

DEUTSCHE MARKS DM 125,000 $ per DM

SWISS FRANCS SwFr 125,000 $ per SwFr

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4273	0.4295	0.4268	0.4236
June	0.4310	0.4315	0.4315	0.4287

Volume 172 (54)
Previous day's open int. 142 (158)

CHICAGO

U.S. TREASURY BONDS (CBT) 8 per cent $100,000 32nds of 100 per cent

	Latest	High	Low	Prev
March	73-17	74-18	73-14	74-14
June	72-26	73-28	72-23	73-24
Sept	72-10	73-12	72-07	73-08
Dec	71-30	73-00	71-30	72-28
March	71-26	72-18	71-26	72-18
June	71-18	72-08	71-18	72-12
Sept	71-12	72-00	71-12	72-08
[illegible]	[illegible]	[illegible]	[illegible]	72-01
[illegible]	[illegible]	[illegible]	[illegible]	71-29
[illegible]	[illegible]	[illegible]	[illegible]	71-25

U.S. TREASURY BILLS (IMM) $1m

GNMA (CBT) 8 per cent $100,000 32nds of 100 per cent

MONEY MARKETS

Rates ease as sterling steadies

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

Interest rates were a little easier in places in the London money market yesterday as sterling showed a small overall improvement. Period rates were easier in rather lacklustre trading while a softer feel at the short end reflected two days of relatively small shortages. In the interbank market overnight money opened at 11⅛-11⅞ per cent and touched a high of 12 per cent before slipping away to 9½ per cent. However, late balances were taken up to 12 per cent.

The Bank of England forecast a shortage of around £200m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£127m and the unwinding of previous sale and repurchase agreements −£386m. These were partly offset by Exchequer transactions of +200m. The Bank gave assistance in the morning of £111m, comprising purchases of £7m of Treasury bills in band 1 (up to 14 days) and in band 2 (15-33 days) £64m of eligible bank bills. In band 3 (34-63 days) it bought £30m of eligible bank bills and in band 4 (64-84 days) a further £10m. All purchases were made at 11 per cent. In the afternoon the Bank bought £25m of eligible bank bills at 11 per cent, £5m in band 1, £15m in band 2 and £5m in band 3.

In Frankfurt call money was quoted in a wide range of 5.5-5.8 per cent, with a softening in rates greeted with surprise by the market. There appeared to be no obvious intervention by the Bundesbank and there were renewed hopes of a cut in the discount and lombard rates at the next meeting of the Bundesbank central council. There is still, however, the possibility that a cut in rates so close to an election would be treated as having a political bias and for this reason alone there is no clear concensus in the market as to when the next reduction will occur. Much will depend on what level the Bundesbank may decide to intervene in the money markets over the next few days if there is any intervention at all.

LONDON MONEY RATES

Jan. 26 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight........	—	9½-12	—	—	—	11½	10½-11	—	—	—
2 days notice .	—	—	11¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11	—	—	—	—
7 days notice ..	—	11½-11⅝	11¼	—	—	11½-11⅞	11	—	—	—
One month......	11½-11⁷⁄₁₆	11½-11⅝	11⅜-11½	12¼-11⅞	11¾	11⅞	11	11⅛	11⅛	11⅞
Two months ...	11½-11⅝	11½-11⅝	11⅜-11½	12-11⅝	11⅝	11⅞	11	11⅛	11⅛	11⅞
Three months.	11½ 11⅝	11½-11⅝	11¼-11½	11⅞-11½	11⅝	—	11	11⅛	11⅛	11⅞
Six months.....	11¼-11⅛	11⅜-11⅜	11¼-11⅜	11⅛-10¾	11⅝	—	—	—	10¾	11⅝
Nine months	11⅛-11⅛	11⅛-11⅛	—	11⅛-11⅛	11⅝	—	—	—	—	—
One year	11⅛-11⅛	11¼-11⅛	11-11¼	11⅜-11¼	11⅝	—	—	—	—	—
Two years	—	—	11¼-11½	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 8 1982 to January 4 1983 (inclusive): 10.833 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11¾-11⅞ per cent; four years 11¾-11⅞ per cent; five years 11⅞-12 per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 11 per cent; four months trade bills 11⅞ per cent.

Approximate selling rate for one month Treasury bills 11⅛ per cent; two months 11⅛ per cent and three months 11 per cent. Approximate selling rate for one month bank bills 11-11⅛ per cent; two months 11 per cent and three months 11 per cent; trade bills 11⅞ per cent; two months 11⅞ per cent and three months 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10½ per cent from January 1 1983. London and Scottish Clearing Bank Rates for lending 10-10½ per cent. London Deposit Rates for sums at seven days' notice 7-8 per cent.

Treasury Bills: Average tender rate of discount 10.7530 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 11½ per cent; one-three-month 11¼ per cent; three-12-month 11¼ per cent. Under £100,000 11 per cent from January 17. Deposits held under Series 3-5 11¼ per cent. The rate for all deposits withdrawn for cash 8½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 26	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling........	11⅛-11¼	11⅜-11⅝	11⁷⁄₁₆-11⅝	11½-11⅝	11⅜-11½	11¼-11⅜
U.S. Dollar....	8⅝-8⅞	8¾-9	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar....	11-12	10½-11½	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder.....	4-4¼	4¼-5	[illegible]	[illegible]	[illegible]	[illegible]
S. Franc.......	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belg. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Conv.	11-12	11-13	[illegible]	[illegible]	[illegible]	[illegible]
Fin.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asia $ (Sing.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. JANUARY 26)

3 months U.S. dollars		6 months U.S. dollars	
bid 9 1/16	offer 9 5/16	bid 9 5/16	offer 9 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	8½-8¾
Treasury bills (13-week)	8.04
Treasury bills (26-week)	8.08

GERMANY

Lombard; Overnight rate; One month; Three months; Six months — [illegible]

FRANCE

Intervention rate; Overnight rate; One month; Three months; Six months — [illegible]

JAPAN

Discount rate; Call (unconditional); Bill discount (3-month) — [illegible]

SWITZERLAND

Discount rate; Overnight rate; One month; Three months — [illegible]

NETHERLANDS

Discount rate	4½
Overnight rate	4¼-4⅝
One month	4⅞-5
Three months	5-5⁵⁄₁₆
Six months	5-5⁵⁄₁₆

$ CERTIFICATES OF DEPOSIT

One month; Three months; Six months; One year — [illegible]

LONG TERM EURO $

Two years; Three years; Four years; Five years — [illegible]

SDR LINKED DEPOSITS

One month; Three months; Six months; One year — [illegible]

ECU LINKED DEPOSITS

One month; Three months; Six months; One year — [illegible]

Offshore and Managed Funds—continued

Schroder Mngt Services (Jersey) Ltd
P.O. Box 195, St Helier, Jersey. 0534 27361
Schroder Money Funds Ltd

Sterling	£13.2905	+0.03	—
U.S. Dollar	US$25.0296	+0.0296	—
Deutschmark	DM30.0349	+0.0349	—
Swiss Francs	SF50.0080	+0.0080	—

EDUCATIONAL

ART GALLERIES